

News Summary

General
Ferry blaze: captain charged
A Greek ferry car ferry in which 24 people died and 11 were injured when it caught fire and burned off the coast, was charged yesterday with multiple manslaughter at Bristol, the port to which the vessel was towed.

Business
Wall St. sags—6.72 off
WALL STREET stocks were dull yesterday. The Dow Jones Average ended 6.72 down at 901.43. Analysis said the market was due for a pause after the "Nixon rally", the trading volume was the lowest for more than a week at 11.12m. shares. Some profit-taking was reported but the main factor was buyers' hesitancy, possibly induced by semi-official suggestions that the Administration was considering a freeze on profits and dividends.

President Sadat declared
that he would give the U.S. a chance to solve the conflict, but reiterated that war or peace by year's end. Of tomorrow's date on Egypt-Syria-Libya, he said Egypt would give its name to "The Arab Republic of Egypt" from Thursday.

Leyland car men re-start
BRITISH LEYLAND'S management is this week to recall progressively the 3,000 men laid off at Longbridge and 3,200 at the Castle Bromwich body works made idle last week by the strike of Longbridge engine dispatchers—who have decided to return. Their decision came after a warning by Triumph division chairman Mr. W. H. Davies to his employees that unless production performance was improved redundancies would be certain. Triumph output is being restricted by internal drivers' go-slow in a manning dispute.

Friday wash-out
Weather kept roads fairly dry over the holiday weekend and did not stop train-travelling boys from causing trouble at Southend. Senior Clyde bank yard shop steward Mr. James Reid has said the new Board would follow Government lines of a severely curtailed operation based on the Govan and Linthouse yards; they had made it clear that their co-operation depended on keeping all four yards going.

Bear Brand link-up
BEAR BRAND directors hope to sign a contract in the next few days for a trading agreement with a major overseas hosiery manufacturer. Under this Bear Brand would get a number of modern machines on loan, with technical aid and advice, and would supply a range of hosiery, non-competitive with its own U.K. sales, to its overseas partner as a manufacturing profit. The directors say their statement is made early because proxies are being sought to oppose re-election to the Board, at next Friday's meeting of Mr. Frank Weir's Bank's nominees. Meanwhile a move is on foot to re-elect Mrs. Ann Ford to the Bear Brand Board.

Wine sales
WINE SALES reached their peak in a crash involving five boats on the first lap of the Oulton Park circuit. Three other competitors were injured.

Police hunt
A hunt continued for 17 Forges, 36, who escaped Peterhead Prison, Aberdeen, where he was serving term for a murder committed shortly after he had been on licence from another prison. Police warned of a dangerous man.

Girl held
A man who has been helping searching for Frederick Sewell, wanted in connection with the Blackpool police, was driven to Blackpool and was expected to appear before magistrates sitting at the town.

Three die
Three motorcyclists were killed in a crash involving five bikes on the first lap of the Oulton Park circuit. Three other competitors were injured.

Fly...
Premier Gandhi is to visit India from October 3 to November 3.

Castle reopened
Able after the weekend which damaged several buildings. At Windsor Castle 2,000 were evacuated because of bomb scare. Nothing was damaged.

President Thieu
President Thieu—sole candidate for next month's presidential election—will have the same two-thirds majority in the new National Assembly as in the old unofficially as for national-wide election confirmed.

Four and a man were
killed at a shooting at an Iltan, Somerset, house.

Man Bond 2DT
612805 won £25,000. The winner is a Manchester.

Oksey, better known as
"Justice Lawrence" and who had death sentences on at Nuremberg, died aged 47.

Shisham lost several
hundreds worth of articles and by thieves on his London home.

East Pakistani
in India has topped few Delhi reported.

aviation officials said
lanned to raise from the morning the Ilyushin 18 crashed just before land-krashup report, killing 31. The crash's cause is still own.

1173M. BUILDING programme
for primary and secondary schools for England and Wales in 1972-73, announced by the Department of Education and Science, will include £48m. for Mrs. Thatcher's drive to improve or replace old primary school buildings. The £48m., already allotted for 1972-73, will cover renovation of nearly 1,000 old buildings.

Foreign exchange markets face new tests today

BY SAMUEL BRITTON

When the foreign exchange markets reopen to-day they will have to digest both the controlled floating of the Japanese yen and the imposition, practically for the first time in living memory, of foreign exchange controls designed to prevent the inflow of foreign exchange into this country.

The authorities claim that exchange control measures are precautionary and do not reflect alarm over the modest appreciation of sterling last week. In any case this appreciation was mostly in relation to the dollar and was insignificant in relation to the weighted average of other currencies.

It therefore follows that the Treasury and the Bank of England were mainly prompted by the fear that, with the yen floating, speculative forces would transfer themselves to sterling. The anomalous situation now exists of severe exchange controls in both outward and inward movement of funds into London. Long-term overseas investment has not only to obtain official permission, but, if granted, has normally to bear a surcharge in the shape of the dollar premium, which amounted on Friday to 231 per cent.

There are in addition string regulations, enforced by the threat of criminal prosecutions, requiring British residents who acquire foreign exchange to convert it into sterling with a

Four options

The British authorities had four options open to them. They could have been content to observe the movements of the market and not taken action unless the yen they feared actually materialised. They could have lowered domestic interest rates. They could have intervened in the market to put a brake on the sterling rate, and they could have imposed exchange controls, as they actually did.

The first alternative—watching the market before acting—was presumably rejected because of the fear—usual on the part of the Bank and Treasury—when market processes are involved—

Japan wants to hold yen revaluation at 8%

BY OUR OWN CORRESPONDENT

JAPAN is not prepared to revalue the yen by more than 8 per cent. The U.S. will firmly be told at the negotiations between the two countries on September 9 in Washington. This figure is regarded as a compromise between the test exchange flotation rate of between 5 and 6 per cent. and Washington's claim that the revaluation should be of at least 10 and preferably 15 per cent.

But Japan does not intend to offer even this compromise as long as the U.S. is not prepared to remove the surcharge on foreign imports. Reports reaching Japan to-day suggested that the U.S. does not intend to withdraw the surcharge even in return for a meaningful yen revaluation.

Financial experts in Tokyo tend to agree that if co-operation with the U.S. is not forthcoming Japan may well stick at a 4 or 5 per cent. revaluation and try to create a common front with West European nations against the U.S. Against this, however, it must be said that European countries are just as anxious as the U.S. to see a sizeable yen revaluation.

The Japanese seemingly intend to claim that the Nixon Administration's view that the yen is undervalued by between 10 and 15 per cent. is nonsense. To



Mr. Maurice Stans

illustrate their contention they hope to keep the floating yen within 7 per cent. of the old official rate of 360 to the dollar. One of the difficulties with this position is that the trading on the Tokyo exchange market on Saturday and to-day cannot be considered to have provided a realistic examination of the yen's actual value. Even today's market situation may not provide this.

Most observers of the Tokyo foreign exchange market contend that Wednesday may provide a

considerably better indication of the true value of the yen, provided that the Bank of Japan is more circumspect in intervening and provided European speculation is not restricted to too great a degree.

In the meantime some of Tokyo's more outspoken officials have been suggesting that there may be a serious clash between the U.S. and Japan at next month's Washington meeting. These comments have been provoked, at least in part, by a television interview given on Sunday by the U.S. Secretary of Commerce, Mr. Maurice Stans.

Mr. Stans told newsmen the U.S. Government hoped the yen would be revalued by a wider margin than those of any other major world currencies. He added that the import surcharge would not be removed until Japan's "trade barriers" came down.

From the Japanese viewpoint, this is rubbing salt in the wounds. The Japanese Finance Ministry, for example, contends that it has played the game within the rules but when Mr. Stans, an unpopular figure in Japan, points his finger at Japan's failure to liberalise imports realistically, this is too much for Japan to swallow.

The Japanese economy after the float, Page 8

Pay claims for 2m. will test Government's 8% norm

BY JOHN ELLIOTT, LABOUR EDITOR

MAJOR PAY negotiations for nearly 2m. workers in local government and the construction industry are due to get under way during the coming month, providing new tests in both the public and private sector for the Government's efforts to bring the level of wage settlements to below 8 per cent.

Local government manual workers' union negotiators have told employers they want substantial increases and are expected to aim at raising their minimum rate of £16.25 up to around the TUC's new minimum wage target of £18, an increase of about 10.5 per cent.

Cost of living
In addition they want a "cost of living threshold agreement" of the type being urged on the National Economic Development Council by the TUC, which would provide for, say, an extra 10p a week for every point that cost of living rose above a threshold of around 3 per cent.

The union officials have also claimed 10 per cent. "lieu" bonuses to be paid by local councils not operating productivity schemes.

The 770,000 local council manual workers' negotiations are especially significant because they come at the beginning of the new round of public services wage claims—following on from the 200,000 Government industrial workers who recently settled for 6 per cent. The dustmen, sewage workers and other council employees, have

been engaged in strikes over their claims for the last two years. But, at around 10 per cent., this year's claim is significantly lower than last year's 20 per cent. and with the Government's efforts to bring the level of the going rate for deals down below the 8 to 10 per cent., which has been the rule in the public sector for some time, the claim could lead to realistic negotiations.

But the local council employers, who traditionally do not like to be regarded as "trail blazers," may well not want to be the first significant group to agree to a threshold cost-of-living clause. If they do take this line, the union negotiators will make it clear that a rejection of this would mean they would press hard for a larger basic increase.

Basic rate
The construction industry claim has been lodged and is expected to be answered by the National Federation of Building Trade Employers within a few weeks, after union leaders have submitted details of what they want.

So far they have told the NFEBE they want the industry basic craftsman's rate of £20 for 40 hours increased to £30 for 35 hours with proportional increases for the rest of the industry's 1m. workforce. Parallel negotiations will be held with civil engineering contractors.

But although this amounts to a 50 per cent. increase even without the reduction in hours, union leaders claim that most of the cost could be covered by employers stopping the extra payments which contractors award individually on site and which undermine the national negotiations by boosting earnings often to £50 or more a week in major cities like Birmingham and London.

Employers divided

However, the employers are divided as to whether a large and realistic basic rate is the answer to their problems. Their last deal in November, 1969, of 25 per cent. spread over 2½ years was supposed to have been offset by some plus payments being stopped, especially on large sites, but this does not appear to have happened. On the other hand the unions argue that if the basic was pitched high the extras would have to disappear because contractors would not be able to afford them.

In any case it seems the building employers will not want to offer more than about 10 per cent—bringing the rate to around £22—and are likely to prefer a one-year deal, partly because of their current efforts to persuade the Government to restrict public sector construction contracts to fixed terms of not more than one year.

There will also be an argument with the unions over the timing of any new rises, with the employers refusing increases before next June when the current deal expires and the unions wanting them to be paid earlier.

Sterling's advance halted abroad

BY WILLIAM KEEGAN

THE recent upward movement in sterling was halted yesterday on the Continental and New York foreign exchange markets following the week-end announcement of exchange controls to stem the inflow of hot money into the U.K.

While the London market was closed for the Bank Holiday, dealings in most other centres were extremely quiet, and there was little change from the basic pattern of rates established by the end of last week.

The newly-floating Japanese yen remained at Saturday morning's level, showing a revaluation of 5 per cent. and sterling was quoted in the region of Friday's close of \$2.47.

The authorities were not prepared to buy dollars, both because of the currency risk involved and because of the potential impact on the domestic money supply. Given the carefully controlled nature of the float that has taken place so far, especially by the Japanese yen, and the existence of the U.S. surcharge, there is a very good chance indeed that the depreciation of the dollar has a good deal further to go.

Thus, while opinion in the foreign exchange market is likely to support the reluctance of the authorities to buy more dollars, it is likely to press for a review of the complicated and conflicting tangle of exchange

controls today, one of the most important elements of the new exchange control regulations from the dealing point of view will be the Treasury's statement that: "The extent to which authorised banks convert foreign currency deposits into sterling is being restricted."

This concerns the technical operation under which banks acquire spot sterling through the sale of foreign currency, and reverse the transaction by means of a forward swap maturing some time later.

Thus a bank goes to the Euro-dollar market, borrows say \$1m. for three months, and sells it for spot sterling. While it is selling the borrowed dollars, it simultaneously buys them back in the forward market for delivery on the date when it has to repay the original Eurodollar loan.

Interest

Meanwhile the bank is "long" of sterling, and normally makes use of this money to earn interest in the U.K., until the point where it has to sell the sterling to repay the original borrowing.

While such operations are not being stopped outright, banks are being told that from to-day they must not allow a situation to develop in which, overall, their net spot position in foreign currency, becomes a short position covered by net forward purchases.

No objection

ICI's previous sterling-D-Mark issue was managed jointly by S. G. Warburg, Deutsche Bank and J. Henry Schröder Wagg. The company is believed to have informed these banks at the time that it would shortly plan a second issue, and they expressed no objection. Bond market sources said to-day that the company had probably judged it wiser to make a split.

The D-Mark issue will be used to finance further expansion outside the United Kingdom.

The only other foreign issue approved by the committee to-day was of DM100m. for the Firestone Tire concern of the U.S. But the capital market sub-committee which deals exclusively with foreign borrowers may meet again as soon as September 6.

THE £ ABROAD

100 New York p.s. 32.484-450 (\$2.4715-4735)
100 London p.s. 32.484-450 (\$2.4715-4735)
100 12 months 0.25-0.50p.m. 0.40-0.50p.m.
100 12 months 0.45-0.15 ds 1.05-0.15 ds

Pressure to secure Irish border grows

BY ARTHUR SANDLES

BELFAST, August 30.

THERE is considerable pressure on civil and military authorities here to increase greatly security on the Ulster/Irish Republic border. Although sealing is impossible, other courses are being considered after the shooting incident at Crossmaglen, near the border in which a British soldier was killed and another injured.

What is being suggested in Belfast is that about 150 "unapproved" border roads be cut permanently rather than with temporary barriers. Additionally, a car cordon might be imposed which would not need as much manpower as a full-scale cordon.

The Army does say that it did fire back across the border. Definition of rights and wrongs in the present argument will be difficult since local reports are only vaguely aware of where the border runs.

There are still several aspects of the incident requiring detailed examination. It has surprised some people here that large crowds went on the spot for what is said to have been an accidental occurrence and also that an Irish television crew was on hand. However, if the incident was pre-arranged, the locals must have expected the Army to cross the border which suggests that it had been done before.

The only top-level Unionist view on the incident has come from Mr. John Taylor, a junior Ulster Minister. He suggested that there might be a rapid build-up in the strength of the Ulster Defence Regiment (a locally recruited part-time Army support force) or if necessary a "third force."

The suggestion of a "third force" will provoke memories of the "B" Specials, among Catholics. The formation of such an organisation is unlikely unless the security situation got totally out of hand. However, it is clear that at the moment the 12,000-strong British Army is tied down in urban centres like Londonderry and Belfast.

Even to-day the Army's attention was diverted temporarily from the border. Rioting broke out once more in the heavily patrolled Crumlin Road area of Belfast. Stones flew and at least one nail bomb was thrown. For about two hours a street battle

Explosions

There is little doubt that Mr. Faulkner and his Unionist colleagues are more than eager to reduce the political temperature here, but it is difficult with so many incidents in the past few weeks to keep the word-war at a low key. It may help to calm the Protestant militants. It is hardly a secret that the Protestants, loosely organised in the Ulster Volunteer Force, are themselves heavily armed.

To-morrow, details of the independent inquiry into allegations of Army brutality involving Ulster detainees are expected. Although it is more than a week since the setting-up of the inquiry was announced, it is thought that the holiday period made the appointment of inquiry members difficult.

Dublin's help needed, Back Page

ON OTHER PAGES

AUSTRALIA

To-day's issue contains 28 pages (9-36) on Australia.
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ANNUAL STATEMENTS
Armitage Shanks 6
Economic Group 7
Lennons Supermarkets 38
Lye Trading 4
Property Security Invest Trust 4
Ratners (Jewellers) 8
Woodend (Kelani Valley) 4

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PLAYER'S

RONSON

Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

Water resources

Sir—It is sad that none of the letters replying to my proposals for the reorganisation of water extraction, river authorities and sewerage into multi-purpose authorities really contributed to the discussion.

The editorial director of Civil Engineering and Public Works Review (August 13) did suggest nuclear power stations which might be excellent for the construction industry but which would probably have rendered half the miners in this country unemployed. The only other suggestion he seemed to have was to accuse me of attacking local authorities because I said that they were the worst polluters pumping raw sewage into our rivers. He tried to show I was wrong by using statistics indicating that more had been spent on sewage than water supply and that there are fish in the Thames. My own findings, gained not from a book, but by talking to river authorities—everyone still calls them "boards"—main drainage authorities, local authorities, research associations and some 40 industrial firms, have shown me that the rivers in the South are generally cleaner. The River Lea has at its source Luton Sewage Works, a finely run local authority undertaking. Even so, there are those which are overloaded and without adequate technical control staff.

Improving

Rivers in the Midlands are polluted but improving, as a result of enforcement efforts by river and main drainage authorities, industry and local authorities. The Trent begins in a highly polluted state, partly from inadequate sewers liable to overflow, unchartered drains and industrial pollution. The Upper Trent Main Drainage Authority is one of the best in the country. As a result of control, and dilution down stream, fish are reappearing in the Trent in places.

If there is no pollution from raw sewage, why all the fuss and expenditure on the Tyne? How does sewage end up on our beaches? How many local authorities have no facilities at all?

Matters will only improve when sewerage is financed adequately. I believe that this would be most effectively achieved by a charge levied on water consumption which in turn means multi-purpose authorities. I appreciate that water companies are in the business to sell water and the chairman of that association (August 17) warns of growing demand, but he makes no mention of conservation.

Much more expensive water could result in avoidance of waste, recycling and purification by industry. To what extent

could the increased demand be offset by better use? No one likes change, but Sir John Cockram did acknowledge that multi-purpose authorities might ultimately be the most efficient units—at a future date.

The answer to his and Mr. Calvert's fear (August 20) that multi-purpose authorities would have their Cinderellas in the balance of funds for sewerage and water is surely found in our large diversified public companies. Their Boards, trained in large-scale management, appear to have little difficulty. The Secretary of the Association of River Authorities (August 24) was quick to recognise these points. Why should the new authorities be public companies raising their capital on the market and run on commercial lines? Enlightened organisations have seen fit to make available construction, water technology and management expertise in one package to those requiring these services. Associated consultants in water affairs are an example. Why should it be less vital to modernise the water cycle in ways in which Sir John Cockram agreed were desirable for each of the components?

A number of letters which I have received privately have recognised this need. Can we not look beyond our own cabbage patches as the divisions of good industrial companies do or must reorganisation always be decreed by government?

Charles Simeons,
House of Commons,
S.W.1.

Anti-dumping duty

Sir—It is announced that the Government is to impose an anti-dumping duty on imports from Russia of chromium anhydride on an important chemical used in the process of chromium plating. This order is made to allow the Government to make full investigation into charges from British producers that the Russians are introducing the chemical to the British market at below cost prices. Apart from the folly of denying the users of chromium anhydride the opportunity of buying cheaply from any available source it is certain that there could be retaliation against British exports should the same policy be adopted in many other countries. It might rightly be claimed that as a result of various forms of direct and indirect subsidisation many British exports are being sold abroad at below true cost.

The opinion of the users of chromium anhydride should be also heard.
Bringing the issue nearer home

are we going to put a prohibition on any more Oxford Street shops that want to dispose of stocks at their summer or winter sales at prices which may on occasion be below cost of production? Is it not time that this bolstering of uneconomic producers be stopped and more consideration be given to the consumers? Not so long ago we found our Government asking foreign suppliers of fertilisers to put their prices up in the interests of British producers who despite everything done for them have raised their prices by 17 per cent since the beginning of this year. There was a time when it was recognised that our people strengthened their economy by accumulating wealth and buttressed their currency by buying from the cheapest market and selling to the best advantage. It is time we thought again.

S. W. Alexander,
President,
Free Trade League,
177 Vauxhall Bridge Road,
S.W.1.

Chartered companies

Sir—Carron, according to Men and Matters (August 25), is "the only manufacturing company to hold a Royal Charter." This claim can be challenged. The Wilton Royal Carpet Factory, for instance, boasts a Royal Charter granted by William III in the year 1689.

In France, the Saint-Gobain glass undertaking was established by a charter of Louis XIV in the month of October, 1665.

And the great Swedish concern Stora Kopparbergs Bergslags still has the Charter of Privileges granted to it by King Magnus Eriksson in February, 1347.

The photograph of the charter in the "Historical Survey" of the company shows that most of its seals are still intact.

The Carron Company has other claims to fame besides its Charter. It gave us the word "carronade." It also gave us Henry G. Button.

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finally to answer this critical question.

Neither marketing itself nor the system of brand management has proved to be the panacea for profitable progress which many individuals and companies have so unrealistically expected of them over the past 15 years or so. However, both still have tremendous potential for the future—but only if they are correctly used.

Brand management has worked well in the U.S. and in many companies in the U.K. The principal reasons for its widespread failure are twofold. First, the brand manager does not possess the responsibility—and authority—for the brand(s). Without that it is difficult to sustain the required profit-consciousness and competitive impetus. Second, if a brand manager of a national brand(s) is to wield the correct degree of influence within the company he simply cannot be a graduate of only two or three years' business standing. He will need all the operation experience and judgment-developed not only by the manager but also by the company.

The danger of Antony Thorncroft's summary is a decision "to throw out the baby with the bath-water." Senior management themselves must accept much of the blame for the failure of brand management. But their answer should not now be to discard the men and the system but to improve and perfect it. The next step should not be wholesale down-grading or the creation of more multi-tiered marketing departments which can often inhibit rather than assist effective decision-taking. The misleading actions of brand management responsibility and contribution can then be moulded into realities, but only by a selection of personnel and definition of their function which is much more careful than in the past.

C. A. M. Penrose,
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of your columns some factoring company may be able to confirm that their actual rate of interest is not more than 10 per cent per annum, and therefore, in line with what one reads.

P. M. Ford (Miss).
37, Hensart Way,
The Ridgeway, Enfield.

Redundant bank managers

Sir—What a golden opportunity for 500 small firms! NatWest have this number of redundant managers who have been made redundant in life ahead of them (August 25, page 15).

Many entrepreneurs lack knowledge and/or willingness to tackle the "business" side of their companies and provided there is no personality clash, these ex-managers could be invaluable in such matters as insurance, personnel, credit control and above all negotiating with the bank or others, for finance. It need not be a full time arrangement, which would suit some of the older ones and might well be arranged with a local firm to avoid commuting.

It can become a very satisfactory arrangement from both sides—I know because, 10 years ago, I did just that and took on an ex-bank manager who was one of the best decisions of my life.

John Ormiston,
P. Ormiston and Sons,
Broughton Road, W.13.

Management development

Sir—I refer to Mr. C. J. Margerison's article on management development (Executives World, August 15). While agreeing that the failure of companies for management development lies with the live superior I would stress that the main factor inhibiting development of subordinates is rigid organisation structures.

In large companies formal specialisation of function and detailed definition precludes increased responsibility being given to managers without the associated promotion. With traditional organisational thinking equating efficiency with specialisation and definition of duties it becomes increasingly difficult to allow subordinates to grow in their jobs. To wait for promotional opportunities to arise would sacrifice potential increase in efficiency and negate the efforts of able superiors.

As companies find growth more difficult to achieve the executive plateau is a reality and promo-

tional opportunities rare; management development schemes geared to promotion will result in frustrated managers and consequential deterioration in performance.

Organisation structures must be developed which allow responsibility growth without promotion, and success should not be synonymous with promotion. Such organic organisations can be and are efficient (Burns and Stalker—Management of Innovation).

Thus the major contribution to management development, and consequently company efficiency, will be made by abandoning formal and traditional bureaucratic methods and giving the subordinate freedom to grow to the limit of his capacity.

As Oscar Wilde said: "To define is to limit."

J. P. Birchall,
71 Latham Avenue,
Helsby, via Warrington.

An airport at Foulness

Sir—I have the impression that Mr. John Connell (August 23) and Mr. Charles Marston (August 26) have never studied the map sufficiently to realise what environmental damage will be caused by an airport at Foulness. The airport is built on the Mappin Sands or actually on Foulness, a vast new town will have to be built on the hinterland of Southend. At present the only lung of countryside easily available to Southenders is that lying south of the River Crouch between Hockley and Foulness. There is no access to the north except by ferry, and the east and south are bounded by the sea and the Thames. To the west lies the industrial Thames valley.

Nearly all of this open country, some of it of great and lovely beauty, is scheduled to be swallowed up in a wilderness of bricks and mortar of higher than average density for the Southend area, and Mr. Marston's "will be nothing more than a few parks and a quite inadequate area of fairly inaccessible marshland, mostly plagued by noise from the airport."

H. R. Hilton,
37, Croom Hill,
Rayleigh, Essex.

Retrospective legislation

Sir—It is reported that the new Finance Bill is to stop a particular kind of "long lease"

tax avoidance as from to-day (August 26). It is disturbing to find the present government, like its predecessor, announcing proposed legislation which will have retrospective effect without bothering to wait for the law itself to be passed.

According to the Inland Revenue, the potential loss of tax revenue is very substantial. But merely announcing that regardless of the law something is, from to-day, forbidden or subject to tax involves substantial loss of liberty for the subject. It is what the former Lord Chief Justice, Lord Denning, denounced as "legislation by ministerial word."

Perhaps the most worrying aspect of all is that most people are coming to accept such extralegal prohibitions and taxes as normal, as if they conformed to the Rule of Law. In fact they are setting highly dangerous precedents. Before the last election Lord Hailsham, now Lord Chancellor, was vociferous about the need for a Bill of Rights. Perhaps one of the first priorities in such a Bill should be a complete prohibition of retrospective legislation.

Roderic Ancester,
Parkside,
Henley-on-Thames.

Banks and direct debit

Sir—Mr. Ashby's experience (August 26) is similar to mine. I have paid no bank charges for 25 years until this year. When I inquired why, my bank manager told me that all the banks had agreed to new charges (is this not price fixing and unlawful?) and that I would have to pay them. Like Mr. Ashby I had no prior notification and was referred to Press comment, the bank manager telling me the bank could not possibly notify all its clients of the new charges.

I wonder whether Mr. Ashby has any Banker's Orders and whether he has had my experience? Early this year I found a payment to an insurance company had been paid twice. On making enquiries I found that one payment was Direct Debit and the other under my Banker's Order. When I asked "what was a Direct Debit?" I was told that all banks had agreed with insurance companies (and building societies) that instead of the bank paying the company from its clients' account as instructed on a Banker's Order, the company would have access to the clients' account so that it could help itself. In this particular case the company had decided to take its money 14 days earlier than the date of my Banker's

Order and the bank had no knowledge of the company's decision. I complained pointed out to my bank manager that under such a scheme would be very easy for an insurance company running financial difficulties to debit the banks' clients a few days earlier than usual so get their hands on some cash, but he was not impressed saying "insurance companies would not do such a thing. I wish I had his faith!"

In another case I pay (monthly) to a building society by Banker's Order. Once a I remit to the same society a insurance premium, but I have always paid by cheques. This year the society, under Direct Debit system, remitted from my account both the premium and the insurance. The insurance premium was taken out of my account without having been a previous Bank Order and once again the bank had no means of preventing this. It seems incredible to me that the Bank should have sent to operate the Direct Debit system. In doing so I have abrogated their prime responsibility to safeguard clients' money. How can any bank manager make the bank which freely allows others to their fingers into a pri-

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G. H. Edmunds
Aspley Chart, East Grinstead.

Stale, tired and old

Sir—I am not alone in thinking that the Financial Times is the best financial daily in the world, and I find this difficult to reconcile with Joe Rogg's diatribe in your issue of Aug. 25 on the state of this paper. Are we to make the Financial Times stale, tired and old? I would add that your paper is delivered to me punctually and regularly early in the morning, winter and summer, by local newsgirls, and I have reason to be grateful to them. The paper is stale, tired and old.

Pray continue "the state decline in your performance which has gone on for most of the present century."

George Schwartz,
28, Spencer Drive,
Hamstead Garden Suburb, N.W.2.

28, Spencer Drive, Hamstead Garden Suburb, N.W.2.

28, Spencer Drive, Hamstead Garden Suburb, N.W.2.

28, Spencer Drive, Hamstead Garden Suburb, N.W.2.

28, Spencer Drive, Hamstead Garden Suburb, N.W.2.

28

Gloucester Cathedral

Three Choirs Festival

by GILLIAN WIDDICOMBE

Usually there are two good reasons for taking an interest in the Three Choirs Festival. One is the Cathedral, which is a masterpiece of English Gothic architecture, and the other is the music, which is of a high standard. This year, however, there is a third reason. The festival is being held in a year when the Cathedral is being restored, and the music is being performed in a new setting.

The increasing versatility of the Three Choirs Festival is a result of the fact that the festival has been held in a year when the Cathedral is being restored, and the music is being performed in a new setting. The festival is being held in a year when the Cathedral is being restored, and the music is being performed in a new setting.

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The Maltings

The Turn of the Screw

by GILLIAN WIDDICOMBE

It was Colin Graham's enchanting production of *Midsummer Night's Dream* which convinced us that The Maltings was a marvellous home for opera: that bare brick walls and visible lights could successfully replace the mysterious deceptions of the proscenium arch. *Lucretia* confirmed the conviction; *Gloriana* adapted easily. Later King Arthur, with almost no scenery, was delightful. Only *Idomeneo* misfired, with realistic problems like the storm and dragon whose designs were gaudy and general difficulty about getting on and off the stage.



Elizabeth Gale and Corin Manley

Having proved itself with the most suitable operas, The Maltings now approaches Britten's other operas since the English Opera Group's repertory must continue to expand, or at least rotate. The EOG production of *The Turn of the Screw* consisted mainly of dropcloths by John Piper, and could not therefore be transferred to The Maltings' open stage. In any case it was very old—the original staging, by Basil Coleman, in 1954. By the time I saw it at Sadler's Wells, it was directed by Colin Graham, and seemed one of those classic productions that only date when the internal direction becomes tired (which it had not) because the designs were so sensibly tailored to the 19th century setting; shabbiness could not show.

The new production has been designed by Yolanda Sonnabend. One can appreciate her difficulties. The *Screw* needs realistic props: a piano for Miles to play, and a bed, a candle and so forth. It also needs specific scenery: a church with bells to ring, a lake for Miss Jessel to appear from, a tower and windows for Quint to appear at; and these must be changed quickly because the opera consists of 16 small scenes interspersed with long interludes. Indeed, one might argue that the opera's theatrical style is as much conceived upon the technique of changing dropcloths as its musical style is based on variations which increasingly tighten the plot. Since dropcloths are out of the question at The Maltings, and the use of revolving screens has been successful there before, Miss Sonnabend's features three revolving metal structures which she has painted to suggest the facade of the house, the door, the window, the tower.

SPORT: YACHTING... TENNIS... CRICKET

This pre-Olympic regatta is quite a trial

BY ALEC BEILBY

KIEL, August 30.

THERE IS no doubt that the Germans are great planners, and equally little doubt that next year's Olympic regatta at Kiel is going to be a great sporting event and a showpiece for German organisation and industry. But unfortunately someone forgot to tell them that the pre-Olympic regatta, being sailed this week exactly a year before the Games, is in many ways, as important as the Games themselves.

The regatta at Kiel this week, in which 750 competitors from 45 nations have the opportunity of sampling the Olympic courses in Kiel Bay, is in fact, the most important event that has been held in Europe for the Olympic classes of yachts and dinghies since the Olympic regatta at Naples in 1960.

Earlier this summer the organisers at Kiel had a foretaste of some of the problems and situations they would have to face in the Olympic regatta. Lessons were obviously learned and in the three races already sailed here this week most competitors feel that the courses have been well made and the racing administration, apart from a few obvious lapses, fair. But this is far from the case ashore.

Winds have been fresh from the South-West and, consequently, the sailing hard. The courses are a minimum of six miles from the regatta centre, and sailing out and back from the regatta centre is a minimum of six miles. This is a very different interpretation, for Miss Wilson has a kind of youthful warmth that is most touching and appropriate; she sings her role easily and dramatically though sometimes her diction is poor. Peter Pears returns to his arch Quint and avuncular prologue; Rod Woodland draws Miss Jessel as a passionately woolly pawn. And there is Sylvia Fisher to make the most of Mrs. Grose's outburst "Dear God, is there no end to his dreadful ways?" At that point the tragedy first reveals that its hold is inexorable, its twist is fatal.

In terms of vocal projection and orchestral balance, The Maltings makes a marvellous home for this supremely clear and concise score. No theatre could match the clarity and gloom which the Snape acoustics give to the 13 instruments. On Saturday Benjamin Britten conducted, and the English Chamber Orchestra responded superbly. Three performances will be given at Sadler's Wells Theatre from September 18.

The East German national flag disappeared from its allotted flagstaff during last night's race and the team refused to race until it was hoisted in its place. Meanwhile, the Russian, who was always prominent at international yachting events, lost their flag but their attitude to the racing itself, this would be no real problem for the com-

petitors if the present facilities ashore, in the shadow of the vast complex of unfinished offices, flats, changing rooms, and boat parks, were not reminiscent of a refugee camp hurriedly thrown together after a major catastrophe. Add to this scene heavy equipment involved in building the Olympic site next door, clouds of sand blowing from the building site into the yacht harbour and dinghy park, and crowds of sightseers, and the picture is complete. Admittedly, the temporary facilities for Press, radio and TV reporting are as good as anywhere, but the competitors have suffered the expense of these, and many remembering the pre-Olympic regattas in Japan and Mexico resent the fact.

The British contestants, 46 of them, are sailing the six Olympic classes, are not producing the result one might have expected, having seen most of them perform in the various national and international events earlier this year. Vernon Straton, team manager, is definitely not happy with the performance of some of his brighter stars who have simply failed to shine.

The current world champion Rod Pattison, who won the 1968 Olympic gold medal with his crew Julian Brooke-Houghton, held second place overall in the Flying Dutchman class at the end of yesterday's racing, has dropped

Most cherished junior titles at stake this week

BY JOHN BARRETT

THE BRITISH Junior season reaches its natural climax this week as the under-18 championship, the under-19 championship, the under-21 championship, and the under-23 championship are all being contested. The under-18 championship is the most prestigious of the four, and is contested by the best players in the country. The under-19 championship is also a very important event, and is contested by the best players in the country.

With great flair in the semi-finals of the national under-18 championship at Eastbourne, Lloyd Lloyd, who won the title in 1968, was absent from the final. He was replaced by Stephen Warboys, who won the title in 1969. Lloyd Lloyd, who won the title in 1968, was absent from the final. He was replaced by Stephen Warboys, who won the title in 1969.

won her Gold individual title, and it was interesting to see how she reluctantly pursued her accurate and penetrating baseline game against more flexible but less consistent opponents. Miss Burton retains the same useful timing she displayed remarkably in 1968, when she reached the final of Junior Wimbledon at the age of 13. There is now, of course, a greater shrewdness born of extensive tournament experience and a greater physical strength, but one notices most what is missing. Her speed and agility are lamentable, she volleys shakily and with reluctance, and her smash is practically nonexistent, and yet within her class she wins. It would be a tragic waste of talent if she failed to eradicate these weaknesses.

He is properly cast in the role of a favourite, which befits his Davis Cup status and, if the seeding committee's forecast works out, will meet in the final Christopher "Buster" Mottram, a 16-year-old of precocious ability who recently carried off the national under-18 title in Manchester in the absence of Warboys. Their only meeting this year was in the recent Exmouth Grass court tournament, where Warboys scored a clear-cut win. It would be interesting to see if the same superiority was apparent on hard courts.

However, standing in Mottram's path to the final is the Essex 17-year-old John Lloyd, the third seed, who defeated him in the first round of the Davis Cup.

This week at Wimbledon there is a young girl whose ability at an early age parallels Miss Burton's. Linda Mottram, the sister of Christopher, is only 14 and yet is seeded seven. If she reaches her quarter-final place she will be the youngest player to have reached the second round of a Wimbledon event. Linda's game is a mixture of power and finesse, and she is a very promising player.

It helps to have a sound financial base

BY TREVOR BAILEY

LANCASHIRE, the holders of both the limited-over competitions, are for the second successive year attempting to win all three titles. Although it is unlikely that they will be successful in this triple quest, it is still a remarkable performance when the obvious deficiencies of the side are taken into consideration. In my opinion, Lancashire are a good team, but not, like the Surrey of the 'Afties with four world class bowlers in their ranks, a really great one.

The Lancashire Renaissance began several years ago, when their committee, or at least the more imaginative members of it, were prepared to admit that first class cricket could not live on average between three and four pence per week in the nine months of the year when there is no revenue from cricket. In addition to the welcome income from the actual hire of these facilities, the club also takes 50 per cent of the profits from the bars and the catering.

Because it is within easy reach of Manchester and possesses excellent car parking facilities, Old Trafford has understandably been a popular venue for dinners, dances, social functions, and wedding receptions. One of the happiest in the last category will be held there next month, when that great cricketer entertainer Clive Lloyd is married.

Their first move was to lease a small part of the ground to a development company and then they sold the lease for £170,000. Instead of sitting back and temporarily living on the capital, they proceeded, to their eternal credit, to put it to work. They spent some £30,000 on an indoor sports centre and here one can see a pleasing balance between excellent profit and the importance of encouraging the game itself. The squash courts and the two bars are primarily profit-producing, while the indoor cricket school was built mainly to promote cricket throughout the county.

Because of the uncertainty of the weather, the awkward hours, and staff problems, cricket cater-

ing must rank as one of the most hazardous of occupations. The Lancashire committee appreciates this and has decided to put up another £25,000 so that they would share 50 per cent of all the catering profits. Both the club and the caterers then share the profits. The normal hazards of the operation are correctly decided that substantial profits would only materialise if Old Trafford was used for extra curricular activities throughout the entire year.

As a result of their combined efforts, Old Trafford has become something of a social centre and not merely a cricket ground. There are two ballrooms and two suites which are let out on average between three and four pence per week in the nine months of the year when there is no revenue from cricket. In addition to the welcome income from the actual hire of these facilities, the club also takes 50 per cent of the profits from the bars and the catering.

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Local business firms have quickly begun to appreciate what Old Trafford has to offer, in addition to conferences it is frequently used for exhibitions, where once again the large car park is a vital factor. The public restaurant (on the ground) is a comparatively new feature which is proving another excellent investment and as a result of all these enterprises Lancashire is one of the comparatively few counties which can look forward to the future, both playing and financial, with genuine confidence.

Letter from California

Candide re-born

by GEORGE OPPENHEIMER

Once upon a time, not so long ago, the motion picture denizens of Hollywood regarded the intimate theatre with a mixture of distrust and disdain. It was right to go to New York and see the show on an annual holiday, but when it came to Hollywood, they were largely ignored except by a handful of players who had not changed their habit. Now all this has changed together with the social and social aspects of the house, middle-aged spread increased with its film business has decreased.

where theatre has always been more of an accepted pleasure. A musical *Candide* was groomed for the Kennedy Center in Washington, D.C., and eventually for Broadway. Back in 1956 this musical version of the Voltaire classic had been seen with a book by Lillian Hellman, music by Leonard Bernstein, and lyrics by E.Y. Harburg. The latter has an Richard Wilbur (with additional rhymes by John Latouche and Dorothy Parker). It was not a success, but its lovely score has survived.

Now Sheldon Patinkin has rewritten and redirected and Edwin Lester, producer of the Civic Light Opera Company of California, has given it a lavish and tasteful presentation with magnificent sets by Oliver Smith, colourful costumes by Freddy Witrop and graceful choreography by Mary Ann Smith. The latter has a sum of the American Ballet Company. In addition, there is a cast far superior to the original.

Mary Costa plays the role of Cunegonde, *Candide*'s errant love, and alternates on matinees with Barbara Meister, who is the role of the enchanting coloratura voice, is lovely to look at and acts extremely well. Excellent too was Douglas Campbell as the two philosophers, Pangloss and the best of all possible worlds, Martin ("the worst of all possible worlds") and as the Narrator. However, he will not be in later productions since he is returning to England. Outstanding in the title role is Frank Portera. He plays the young and glib innocent with charm and good looks and with a singing voice that has seldom been equalled in the musical theatre.

ENTERTAINMENT GUIDE

- OPERA AND BALLET**
COLISEUM, Sadler's Wells Opera. *The Marriage of Figaro*. Tomorrow, Sat. 7.30. Tickets: 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100.
- THEATRES**
ROYAL PATENT THEATRE, 836 3878. *The Marriage of Figaro*. Tomorrow, Sat. 7.30. Tickets: 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100.
- CINEMAS**
ABC 1, Shaftesbury Avenue. 836 8861. *The Marriage of Figaro*. Tomorrow, Sat. 7.30. Tickets: 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100.

the University of California at Los Angeles, there was a re-run of *The Gangs All Here*, the rapacious drama of President John F. Kennedy's assassination, which was directed by Robert E. Lee. Mr. Kennedy was responsible for the direction and did a good job considering the fact that he was a novice. The production was a masterpiece of the underdog, who were not to be underestimated. A handful of professionals, notably Howard Duff, who played the role of Kennedy, and the rest of the cast, were superb. The production was a masterpiece of the underdog, who were not to be underestimated.

Brompton Oratory appointment

Mr. John Hoban has been appointed musical director of Brompton Oratory. He will take up the post in October upon the retirement of Mr. Henry Washington. Henry Washington has been musical director of Brompton Oratory for 38 years and is also director of the Schola Polyphonic.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Intl. Handicrafts & Do-It-Yourself Ex. (cl. Sept. 11)	Olympia
Today	Intl. Audio-Visual Aids Conf. & Ex. (cl. Sept. 3)	Olympia
Sept. 2-4	Brassfoundry Exhibition	Building Centre, W.C.1
Sept. 2-9	West of England Gift Fair	Victoria Rooms, Bristol
Sept. 7-10	Northern Floor Coverings Fair	Exhibition Hall, Harrogate
Sept. 7-10	Italian Exhibition of Convenience Foods	26, Old Burlington St., W.
Sept. 9-10	Electromagnet Exhibition	Royal Victoria Hl., Sheffield
Sept. 9-16	Northern Antique Dealers' Fair	Royal Baths, Harrogate
Sept. 9-16	International Laundry & Dry Cleaning Exhibition	Olympia
Sept. 13-16	International Development Exhibition	Birmingham University
Sept. 13-17	Financing for Intl. Trade and Export Services	Olympia
Sept. 13-17	Electro-Mechanical Components Exhibition	Olympia
Sept. 14-18	Survey Ideal Home Exhibition	Earls Court
Sept. 14-18	Autumn Antiques Fair	Civic Hall, Guildford
Sept. 15-25	International Hi-Fidelity Festival	Chelsea Town Hall
Sept. 17-19	Brighton International Trade Fair	Majestic Hotel, Harrogate
Sept. 18-25	Fire Fighting and Prevention Exhibition	Hotel Metropole, Brighton
Sept. 21-23	Italian Exhibition of Men's Wear and Accessories	Exbn. Centre, Harrogate
Sept. 22-24	International Antiquarian Book Fair	Italian Trade Centre, W.
Sept. 27-29		Europa Hotel, W.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	.....	International Trade Fair (cl. Sept. 4)	
Current	.....	International Trade Fair (cl. Sept. 11)	
Current	.....	Radio, Television and Record Exbn. (cl. Sept. 5)	
Current	.....	International Trade Fair (cl. Sept. 12)	
Current	.....	Fashion Week (cl. Sept. 5)	
Sept. 2-6	.....	International Fair	
Sept. 3-11	.....	International Motor Show	
Sept. 4-11	.....	Irish International Food and Drink Fair	
Sept. 5-7	.....	International Household Goods & Hardware Fair	
Sept. 5-12	.....	International Autumn Trade Fair	
Sept. 5-12	.....	Gifts and Objects d'Art Exhibition	
Sept. 5-12	.....	Autumn Fair	
Sept. 5-13	.....	Jewellery Gold and Silverware Exhibition	
Sept. 8-22	.....	Building Material and Prod. Equip. Exhibition	
Sept. 9-19	.....	International Autumn Fair	
Sept. 10-13	.....	Fashion Trade Fair	
Sept. 10-15	.....	International Leather Exhibition	
Sept. 11-20	.....	International Trade Fair	
Sept. 11-26	.....	Commercial Fair	
Sept. 13-15	.....	Scandinavian Fashion Week	
Sept. 12-19	.....	Italian Furniture Fair	
Sept. 13-18	.....	International Brewery Machinery Exhibition	
Sept. 14-18	.....	Municipal Equipment Exhibition	
Sept. 14-18	.....	International Technical Fair	
Sept. 15-17	.....	Canadian Computer Show	
Sept. 17-20	.....	Food Industry Trade Fair	
Sept. 23-25	.....	International Office Equipment Exhibition	
Sept. 25-26	.....	International Fine Food & Provisions Exhibition	
Sept. 27-Oct. 1	.....	Irish Packaging Exhibition	

BUSINESS AND MANAGEMENT CONFERENCES

Sept. 1-24	HMP School Mgmt. Services: Work Study	Beeston, Nottingham
Sept. 2	Training for Bus: Computer Originated Microfilm	Bloomsbury Centre Htl., W.C.1
Sept. 3-8	BIM and Dexion: Distribution Management	King's College, Cambridge
Sept. 5-10	Peat Marwick Mitchell: Production Management	Eltham Hall, Hart. Witney
Sept. 6-7	Fin. Techniques: Company Taxation	Connaught Rooms, W.C.2
Sept. 8-8	Chartered Institute of Secretaries: World Trade	Berners Hotel, W.
Sept. 9-10	Mgt. Training Consultants: Supervisors in Action	Windsor Htl., W.
Sept. 13-15	Ind. Assess. and Research: Differential Test Battery	57, Marylebone High St., W.
Sept. 13-16	Cooper Bros.: Accountancy for Managers	Shelly House, E.C.
Sept. 14	James Morrell: Corporate Plans and Budgets	Hilton Hotel, W.
Sept. 15-16	Ind. Soc.: Involving Young Employees	Portman Htl., W.
Sept. 15-16	Mktg. Improvements: The Marketing Function	Hamburg
Sept. 16-17	Financial Times: Britain as a Business Partner	Birmingham University
Sept. 16-17	Financial Times: Value Added Tax	
Sept. 19-24	D. Frost & Assoc.: Financial, Manufacturing & Marketing by the Case Discussion Method	Wadham College, Oxford
Sept. 20-21	Assoc. Bus. Progs.: Total Loss Control	Strand Palace Hotel, W.C.2
Sept. 20-24	BACIE: Techniques of Instruction (Part 1)	Mansion Hotel, Eastbourne
Sept. 20-24	R & M Mngt.: Modern Warehouse Management	41, Duke Street, W.
Sept. 20-Oct. 1	Engineers House Mngt. Center: Design Skills	Clifton Down, Bristol
Sept. 23	Mngt. Centre for Europe and the Financial Times	Piccadilly Hotel, W.
Sept. 29	Company Survival in the Science Based Industries	The Hazue

EEC seen as saviour for depressed areas

BY RICHARD EVANS, LOBBY CORRESPONDENT

ENTRY to the Common Market would bring immense gains to Britain's less prosperous regions, according to a Conservative Political Centre pamphlet published today.

The author, George Gardiner, argues that existing regional incentives would give Scotland, Wales and other development areas a lion's share of the new industrial growth that would follow.

His conclusions will help support the Government's

arguments of many Labour MPs who fear that EEC membership would accelerate the economic decline of the regions and hasten the drift to the prosperous Midlands and South-East.

The first impact of entry would be felt from the industrial investment decisions that would follow a parliamentary vote in favour of entry.

This impact would be reinforced by the Government's

battery of regional investment incentives which, Mr. Gardiner believes, would channel a major part of the new activity to the development and intermediate areas.

One of the main arguments used in support of his case is the evidence that the Community's regional policies will become more orientated towards tackling the problems of industrial obsolescence which lie at the root of many of Britain's regional difficulties.

In a foreword, Mr. Peter Walker, Secretary for the Environment, claims that the result of Britain joining the Common Market would be to stimulate economic growth that was necessary to bring new industries to the regions and to improve the infrastructure.

by George Gardiner, Conservative Political Centre, 11p.

Quiet Bank Holiday except in South-East

FINANCIAL TIMES REPORTER

RANK HOLIDAY Monday was described yesterday as "a disappointment and a washout" by the RAC. With the exception of the South-East, traffic was below that of a normal week-day, a spokesman said.

Airlines, coach operators and British Rail reported that the number of passengers carried was similar to last year but no records had been set.

Traffic to the West Country, the Lake District and South Wales was "considerably less than that of a normal Bank Holiday period," the RAC claimed. Roads were quiet and car parks at seaside resorts and beauty spots half empty.

Only in the South-East, where sunny spells enticed motorists

out, did traffic approach Bank Holiday proportions. The RAC said that by mid-day vehicles were leaving London at the rate of 30,000 an hour on 23 main routes.

The build-up of holidaymakers returning to London was under way last night but the RAC said conditions were no worse than a normal week-day.

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Fees increase at school of architecture

THE Architectural Association has announced an increase in tuition fees for undergraduate students at the Architectural Association School of Architecture, from £450 to £530 per annum. The new fees will apply from next month.

The president of the Architectural Association, Mr. John Smith, commented: "With a good intake of new students for the coming session the AA School is still very much in business. In spite of the pessimistic reports published at the end of last year, I am firmly of the opinion that the future of the AA can be secured, and the Council, together with staff and students of the school, are now in the process of preparing a suitable scheme."

"We are determined to make every effort to ensure the continuation and further development of the AA as an independent centre of architectural education," he said.

The average salary for Chartered accountants is shown as £3,408 compared with £3,000 for Certified and cost works accountants. Unqualified employees earn £2,200.

Such a pattern, Reed Employment says, strongly suggests one of three things: chartered accountants are benefiting from employers' prejudices, are naturally better all-rounders, or something in the past selection and training processes produced better accountants in the chartered bodies between 1945 and the present date.

An increase in the proportion of accountants with a company car from 84 per cent. to 93 per cent. may indicate a greater use of the car as a tax-free benefit, Reed Employment points out.

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IFAC selling well

WITH 10 months to go before opening day, reservations for the Industrial Finishing and Anti-Corrosion Exhibition (IFAC) total over 16,000 sq. ft. They have been made by 30 companies including those from overseas representing West Germany, Switzerland, U.S. and France.

It is expected that the event will present a complete picture of developments in the fields during the past two years. It will include finishing systems for organic and inorganic surface coatings and anti-corrosion treatments plus equipment and materials for surface preparation and pre-treatment.

Plans for a two-day conference to be held during the exhibition are well under way. The theme is to be heavy-duty coatings for corrosion protection. The conference is being arranged by the London branch of the Institution of Corrosion Technology. The exhibition is to be at Earls Court, London, from June 6-9.

Looking at landscapes

VISITORS to the Business Efficiency Exhibition at Olympia, in October might care to take a trip across London to the Royal Festival Hall in order to look at a display of ideas for office landscaping.

Several exhibitors are combining in an area of three stands to show a landscaped office, and the central area of the event will show the merits of acoustic ceilings and screens as well as plants in laying out an office space to date. In earlier years it was held at Heathrow. The dates are October 4-8 and it will be open from 10 a.m. to 6 p.m.

6,000 birds in competition

ONE estimate of the value of the pet industry puts it at £30m. a year, a figure that includes birdseed, cages, aviaries and the tweeters themselves. It is a reflection of this that the National Exhibition of Cages and Aviary Birds has shown some steady growth—this year the number of trade exhibitors is expected to reach 50 while two years ago it was under 40.

Breeders from all parts of the U.K. and overseas will be bringing their champions to Alexandra Palace, N. 22, for the December 2-4 event.

Best-buys guide for electrical trade tools

Financial Times Reporter

THE JOINT INDUSTRY Board for the Electrical Contracting Industry has published the first in a regular series of technical reports designed to evaluate the "best buy" in plant and tools for use by electrical contractors. Entitled "Look-Ant New Tools and Equipment—the reports will be available up to four times a year. Each issue will deal with at least one type of equipment currently available.

The Board believes that the reports will form the first industry-based national comparability studies undertaken in this country. A special feature will be a comparison of economic as well as practical performance of the tools and equipment evaluated.

A Board spokesman said that the first edition dealt with stripping tools used for mineral insulated copper-covered cables. He added: "An indication of the practical value of the reports of these reports is that this first study has drawn attention to the significant fact that the best hand-tool on the market is the least well-known to the industry."

The publication of the results of comparability tests in "PLANT" is regarded as a natural extension of the Index of Tools, Materials, Plant and Equipment compiled by the Board's central services library, which has been available to Board participants free on request for some time.

No rush of EEC workers expected—CBI

By Our Labour Editor

FEARS that the U.K. might suffer from a sudden influx of workers from Europe if Britain joins the Common Market can be discounted, says the CBI in its latest Industrial Relations Bulletin, published at the week-end.

Employers have been considering the implications of the Treaty of Rome provisions on free movement of labour under which Community nationals and their families are able to move about freely to work in member countries on equal terms with local workers.

But the CBI says that the present manpower position of the Six shows that a flood of Europeans would not suddenly arrive in the U.K.

Ork: an
issued

THE CURRENCY CRISIS

IN BRIEF

ZURICH: The foreign-exchange market was quiet yesterday, the dollar improving further to Sfrs. 3.8650/3.9925 and the gold price going up slightly to \$41.40/41.60 per ounce. It seems unlikely any further changes in the provisional Swiss foreign-exchange system will occur in the immediate future. The National Bank having held no talks with the commercial banks and the Swiss Cabinet being expected to hold no extraordinary session before its routine Wednesday meeting.

SYDNEY: The Australian dollar is to remain pegged to the dollar for the time being, as part of the Government's wait-and-see policy. A statement from the Treasurer, Mr. Snedden, issued on Sunday, said: "It remains to be seen how the yen will move in relation to the U.S. dollar in the period ahead." This means that the Australian dollar is currently valued at 3 per cent. up on the U.S. dollar parity rate, and has been devalued against the yen.

MADRID: The National Bank made a slight downward adjustment of the dollar parity which, in effect, devalued the dollar by 12 per cent. in relation to the peseta. The official rate covering foreign exchange operations was lowered from last week's 164.1 pesetas to the dollar to 172.5. It was the first change in the parity since the dollar was floated. Official rates governing the sale and purchase of dollar bills were also adjusted, down from 166.64 to 168.88-69.23 for large denominations and from 166.64 to 168.70-69.23 for small denominations. This represented a drop of 0.33 per cent. in the value of dollar bills sold or bought against pesetas.

HONG KONG: All money markets were closed here because of a public holiday commemorating the British colony's birthday from Japan 26 years ago.

FRANKFURT: The dollar had quiet day closing at around \$3.40, against the official rate of DM3.366. The official rate at DM3.3886 was very slightly down on Friday's \$3.4015.

Malta pound may float further
by Our Own Correspondent

VALETTA, August 30. The Malta pound, which floated a week at £M1.05 against sterling, has emerged stronger than expected and the Central Bank is there could be scope for further exchange rate increase. A figure mentioned is 5 per cent. but no confirmation has come from the Central Bank.

Fearful of the Maltese is a fear which foreshadowed devaluation have far from materialised. The complete lack of distance in London to Mr. Dom Stoff's 5 per cent. increase to the Malta pound has left trading up as far as it would like—without the two countries united.

France resisting foreign pressure to revalue

BY ADRIAN DICKS

PARIS, August 30.

THE DOLLAR moved down a full one per cent. against the French franc on the free market here today to close at Frs. 5.32—equivalent to a devaluation of 1 per cent. from the old parity of 5.554.

However, the large-scale rush of speculative funds into Paris forecast by some observers last week at the moment of the yen float did not materialise today, although on the official exchange market—intended to be limited to commercial transactions—the Banque de France was obliged to intervene to protect the old parity at its lower margin of 5.5125.

How long the French Government can maintain successfully its now isolated resistance to American and German pressures to revalue will depend on foreign interest in the franc.

The French have dug in well behind what has already been dubbed a monetary Maginot Line of exchange controls, non-remuneration of foreign accounts and partial float.

But few people here believe the two-tier market could long survive a difference greater than 6-7 per cent. between the commercial franc and the financial franc.

Two strong hints have emerged over the week-end, meanwhile, that a dollar devaluation against the franc is inevitable.

gold will be France's main objective in the discussions aimed at a general realignment of parities which will begin at this week's meeting of the Group of Ten Deputies here.

M. Giscard d'Estaing, French Finance Minister, told the German weekly Der Spiegel, that he saw no reason for a change in present official parities, which could only be expressed in gold since the floating of the dollar.

While he claimed that, contrary to what is believed, he has never taken up a position regarding an increase in the gold price, he seemed to be suggesting that this would be the logical outcome of the Americans' position.

First attempt

A less veiled view came from the Governor of the Banque de France, M. Olivier Wormser, who said in an interview with the Figaro that it was "time to stop claiming that the dollar cannot be devalued against the franc."

"Any solution that results in an increase in the gold price, expressed in almost every currency, seems good, this increase being, of course, more or less according to the competitiveness of each country."

M. Giscard d'Estaing also remarked that the dollar had withdrawn from its status as a

reserve currency, a role that might in time be filled by an instrument such as special drawing rights which were based on gold.

The first attempt to expound this view of a system of fixed exchange rates based on a gold/SDR standard was presumably being made today to the two German Secretaries of State, Herr Scheelhorn and Herr von Braun, who arrived in Paris for the first of a series of bilateral meetings between Common Market members designed to find some common ground before the next Finance Ministers' meeting on September 13. Preliminary reports, however, suggested that the meeting was confined to "an exchange of views."

French officials, however, seem to expect little headway to be made in these exchanges. M. Giscard d'Estaing repeated to Der Spiegel that he saw little prospect of any joint Community position emerging in time to put forward at the International Monetary Fund meeting at the end of September.

Rather than seek a compromise Common Market solution at present, it seems more likely that France will continue its intransigence directly with Washington. How strong its hand is going to be will depend on how fast the pressure increases on the foreign exchange market.

Hint of toughness on surcharge

BY JOHN GRAHAM, U.S. EDITOR

WASHINGTON, Aug. 30.

THE ADMINISTRATION today gave its first quantitative guess at the effects of its new economic policy, when Dr. Paul McCracken, Chairman of the Council of Economic Advisers, spoke to a Congressional committee.

Dr. McCracken said the removal of the surcharge was negotiable, but gave no sign of what form these negotiations would take or what the timing might be. When asked if the surcharge might be withdrawn in a year, he refused to be specific.

However, his remarks appeared to reinforce the line that people should not simply expect the U.S. to take the surcharge off just because other countries are letting their currencies appreciate against the dollar. The Administration still wants to improve its international financial position by getting more favourable trading arrangements and by persuading other countries to pay for more of the free-world's defence.

Thus the surcharge may have done one of its jobs—though the U.S. has still to see the yen go up as far as it would like—without there remain two other jobs for

it to do. Some officials have even talked in terms of waiting until the U.S. appears to have a balance in its payments, and that could obviously take years.

Dr. McCracken also gave some quantitative estimates of the effects on the domestic economy. He said there would be a net increase of \$15,000m. in America's Gross National Product in 1972, over and above whatever increase would have occurred without the new programme. More than half the gain would come from a substantial increase in consumer confidence, leading to greater purchases and consequent reduced saving.

Dr. McCracken said the austerity part of Mr. Nixon's proposals would lower the GNP by \$9,000m., but that the stimulative parts would produce an extra \$24,000m. All these figures are in current dollars and therefore do not allow for next year's inflation.

The figures are guesswork to the following extent: no one in the Administration can tell what the Congress will do to those proposals which need legislation such as the investment tax credit and the budget cuts, and

Latin America expected to concert action

BY OUR OWN CORRESPONDENT

BUENOS AIRES, August 30.

REPRESENTATIVES of Latin American governments will begin meeting here on Friday to consider the restrictive international trade measures adopted by the U.S. It is reliably reported that the probable meeting will be among delegates from CELAC countries—this is the Latin American caucus whose objective

is to arrive at joint positions on trade and development problems faced by Latin American countries (Comision Economica Para America Latina). The meeting has been proposed by the Argentine President, Alejandro Aguirre Lanusse, who is anxious for it to take place soon so as to be out of the way before the Latin American Economic Ministers begin meeting on September 20 prior to the International Monetary Fund assembly.

According to calculations made in Washington, 22 per cent. of Latin America's exports to the U.S. are affected by the 10 per cent. import surcharge announced by President Nixon. The same calculations have it that much more of Argentina's exports to the U.S., about 70 per cent. of them, are affected. Argentina's exports of cooked meat to the U.S. are what contribute most to bringing this percentage up.

Even before the CELAC meeting began, it is expected that Argentina and Uruguay had taken steps to form a common front to oppose the American measure. Uruguay's economy and Finance Minister, Carlos Mario Piletti, is expected to confer with Argentina's Treasury and Finance Minister, Juan Quiroga, Uruguay's principal export to the U.S., hides and textiles, is also expected to be adversely affected by the Nixon measure.

SPOTLIGHT ON OVERSEAS TRADE



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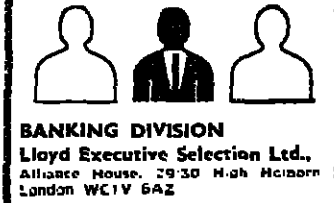
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We are a medium-sized firm of stockbrokers and we wish to develop our investment research department. Our existing team of analysts have been highly successful in developing our institutional business and we now seek a "go-to-it" analyst to investigate a wide range of companies and prepare comprehensive reports thereon.

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COMPANY NOTICES
NOTICE OF REDEMPTION
to the holders of Debentures payable in American Currency of the issue designated
9 1/4% Sinking Fund Debentures Series BQ due October 1, 1985
(here in after called "Debentures") of the
Quebec Hydro Electric Commission

Debentures bearing the prefix BQ:									
01428	02782	04090	05784	07187	08373	09885	10890	12750	13858
01437	02803	04100	05820	07223	08409	09921	10926	12789	13889
01446	02812	04109	05829	07232	08418	09930	10935	12800	13900
01455	02821	04118	05838	07241	08427	09939	10944	12811	13911
01464	02830	04127	05847	07250	08436	09948	10953	12822	13922
01473	02839	04136	05856	07259	08445	09957	10962	12833	13933
01482	02848	04145	05865	07268	08454	09966	10971	12844	13944
01491	02857	04154	05874	07277	08463	09975	10980	12855	13955
01500	02866	04163	05883	07286	08472	09984	10989	12866	13966
01509	02875	04172	05892	07295	08481	09993	10998	12877	13977
01518	02884	04181	05901	07304	08490	10002	11007	12888	13988
01527	02893	04190	05910	07313	08499	10011	11016	12899	13999
01536	02902	04199	05919	07322	08508	10020	11025	12910	14010
01545	02911	04208	05928	07331	08517	10029	11034	12921	14021
01554	02920	04217	05937	07340	08526	10038	11043	12932	14032
01563	02929	04226	05946	07349	08535	10047	11052	12943	14043
01572	02938	04235	05955	07358	08544	10056	11061	12954	14054
01581	02947	04244	05964	07367	08553	10065	11070	12965	14065
01590	02956	04253	05973	07376	08562	10074	11079	12976	14076
01599	02965	04262	05982	07385	08571	10083	11088	12987	14087
01608	02974	04271	05991	07394	08580	10092	11097	12998	14098
01617	02983	04280	06000	07403	08589	10101	11106	13009	14109
01626	02992	04289	06009	07412	08598	10110	11115	13020	14120
01635	03001	04298	06018	07421	08607	10119	11124	13031	14131
01644	03010	04307	06027	07430	08616	10128	11133	13042	14142
01653	03019	04316	06036	07439	08625	10137	11142	13053	14153
01662	03028	04325	06045	07448	08634	10146	11151	13064	14164
01671	03037	04334	06054	07457	08643	10155	11160	13075	14175
01680	03046	04343	06063	07466	08652	10164	11169	13086	14186
01689	03055	04352	06072	07475	08661	10173	11178	13097	14197
01698	03064	04361	06081	07484	08670	10182	11187	13108	14208
01707	03073	04370	06090	07493	08679	10191	11196	13119	14219
01716	03082	04379	06099	07502	08688	10200	11205	13130	14230
01725	03091	04388	06108	07511	08697	10209	11214	13141	14241
01734	03100	04397	06117	07520	08706	10218	11223	13152	14252
01743	03109	04406	06126	07529	08715	10227	11232	13163	14263
01752	03118	04415	06135	07538	08724	10236	11241	13174	14274
01761	03127	04424	06144	07547	08733	10245	11250	13185	14285
01770	03136	04433	06153	07556	08742	10254	11259	13196	14296
01779	03145	04442	06162	07565	08751	10263	11268	13207	14307
01788	03154	04451	06171	07574	08760	10272	11277	13218	14318
01797	03163	04460	06180	07583	08769	10281	11286	13229	14329
01806	03172	04469	06189	07592	08778	10290	11295	13240	14340
01815	03181	04478	06198	07601	08787	10299	11304	13251	14351
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01842	03208	04505	06225	07628	08814	10326	11331	13284	14384
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01914	03280	04577	06297	07700	08886	10398	11403	13372	14472
01923	03289	04586	06306	07709	08895	10407	11412	13383	14483
01932	03298	04595	06315	07718	08904	10416	11421	13394	14494
01941	03307	04604	06324	07727	08913	10425	11430	13405	14505
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01968	03334	04631	06351	07754	08940	10452	11457	13438	14538
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01986	03352	04649	06369	07772	08958	10470	11475	13460	14560
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02022	03388	04685	06405	07808	08994	10506	11511	13504	14604
02031	03397	04694	06414	07817	09003	10515	11520	13515	14615
02040	03406	04703	06423	07826	09012	10524	11529	13526	14626
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02139	03505	04802	06522	07925	09111	10623	11628	13647	14747
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02184	03550	04847	06567	07970	09156	10668	11673	13702	14802
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02256	03622	04919	06639	08042	09228	10740	11745	13790	14890
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02274	03640	04937	06657	08060	09246	10758	11763	13812	14912
02283	03649	04946	06666	08069	09255	10767	11772	13823	14923
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02409	03775	05072	06792	08195	09381	10893	11898	13977	15067
02418	03784	05081	06801	08204	09390	10902	11907	13988	15078
02427	03793	05090	06810	08213	09399	10911	11916	13999	15089
02436	03802	05099	06819	08222	09408	10920	11925	14010	15100
02445	03811	05108	06828	08231	09417	10929	11934	14021	15111
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02463	03829	05126	06846	08249	09435	10947	11952	14043	15133
02472	03838	05135	06855	08258	09444	10956	11961	14054	15144
02481	03847	05144	06864	08267	09453	10965	11970	14065	15155
02490	03856	05153	06873	08276	09462	10974	11979	14076	

The Technical Page

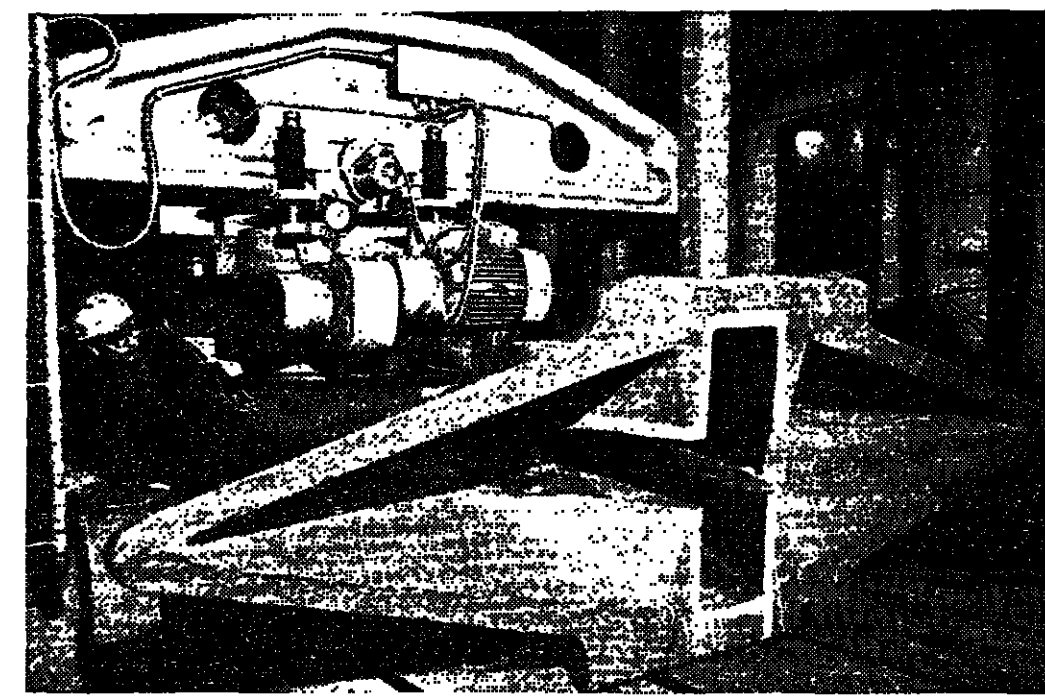
EDITED BY ARTHUR BENNETT AND TED SCHOETERS

METALWORKING

£500,000 strip bonding mill

DESIGNED to bond strips of aluminium, tin, pure aluminium and steel in two stages, a £500,000 tandem rolling mill has recently been commissioned at GKN's Vandervell Products thin-wall bearing factory, Maidenhead, for the high speed precision bonding of bi-metallic strip, specifically the production of aluminium-tin bearing strip, initially for the expanding European automobile markets.

Major individual item in the new line is the £160,000 two-high tandem mill developed by GKN and supplied with coiler, de-



A 4-ton ship's anchor being straightened on the TOS 400-ton press.

Czech press straightens castings

DISTORTED heavy steel castings, weighing up to 7 tons, are being straightened by a Czechoslovakian-built 400-ton hydraulic press installed at E. Jopling and Sons works, Sunderland.

The company produces up to 120 tons of steel castings a week for the marine and general

engineering industries. Some 5 per cent. of all the castings distort.

Previously two methods were used for straightening—stove annealing, which could take up to 12 hours, and for small castings (up to 2 cwt.) straightening on a 200-ton fixed-head press. Neither method was economic, since both took time, the latter because of lifting and repositioning the casting on the work table.

ELECTRONICS

Three-watt module for audio

THE MODULE market has now been entered by SGS of Walton Street, Aylesbury. Bucks, with a printed circuit board audio unit capable of delivering 3W into 16 ohms load at a total harmonic distortion level of about 2 per cent. Power supply required 24 volts dc nominal.

The amplifier has been designed around the company's TAA621 monolithic silicon integrated circuit which contains all the active stages. SGS claims that the careful choice of associated components and of layout

Simplifies transmitter problems

A 3dB QUADRATURE coupler band is now being offered by Motorola Semiconductors of Empire Way, Wembley, Middlesex. For use in power splitting and adding applications (for push-pull or power build-up systems), it allows the outputs of several devices to be

combined, retains transmission continuity and isolates mismatches.

The unit eliminates problems of mismatched transmitter ports because the application of a reflected signal at either of the output ports of the coupler results in signals at the input port attenuated by 20dB. Insertion loss is as low as 0.25 to 0.30 dB, affording greater output power than with alternative coupling methods. Transmission capability is maintained should one of a number of combined output transistors fail. This is important in critical applications such as police and emergency radio services.

The devices measure 31.8 x 31.8 x 2.6 mm and are constructed from fibreglass board; they are sealed with a low loss compound. The small size is achieved by "meandering" the coupled lines. Usable frequency ranges are 225 to 400 MHz and 450 to 512 MHz.

roll chocks. These control the position of the bottom roll and provide close tolerances for the strip.

As variations of thickness occur, servo valves operating in a closed loop hydraulic system receive signals from the roll position and pressure transducers, and automatically programme the flow of oil in or out of the roll loading cylinders, so that rolling load is immediately adjusted to compensate for any gauge errors.

Since the mills were required for continuous operation, 100 per cent. interchangeability has been incorporated between rolls, drives, motors, gearboxes and other major items to eliminate downtime for roll changing and maintenance and to minimise on stock spares. For this reason the No. 1 mill rolling load—normally lower than the No. 2 mill—was upgraded to 300 tons to provide a basically identical unit to the No. 2 mill.

The installation is completed by annealing furnaces, degreasing units, scrap splitters, air wash and dust extraction equipment, and welding and pre-heat units for the steel strip feed.

COMMUNICATIONS

Crossbar PABX up to 9,000 lines

THE private communications division of STC at Fooks Cray, Sidcup, Kent, has now introduced the Pentomat 1000 crossbar private automatic branch exchange.

Aimed at the higher capacity end of the PABX market, it can in its largest format provide for 9,000 extensions. Earlier this year the ITT company introduced the Pentomat 200, intended for smaller applications of up to 200 extensions.

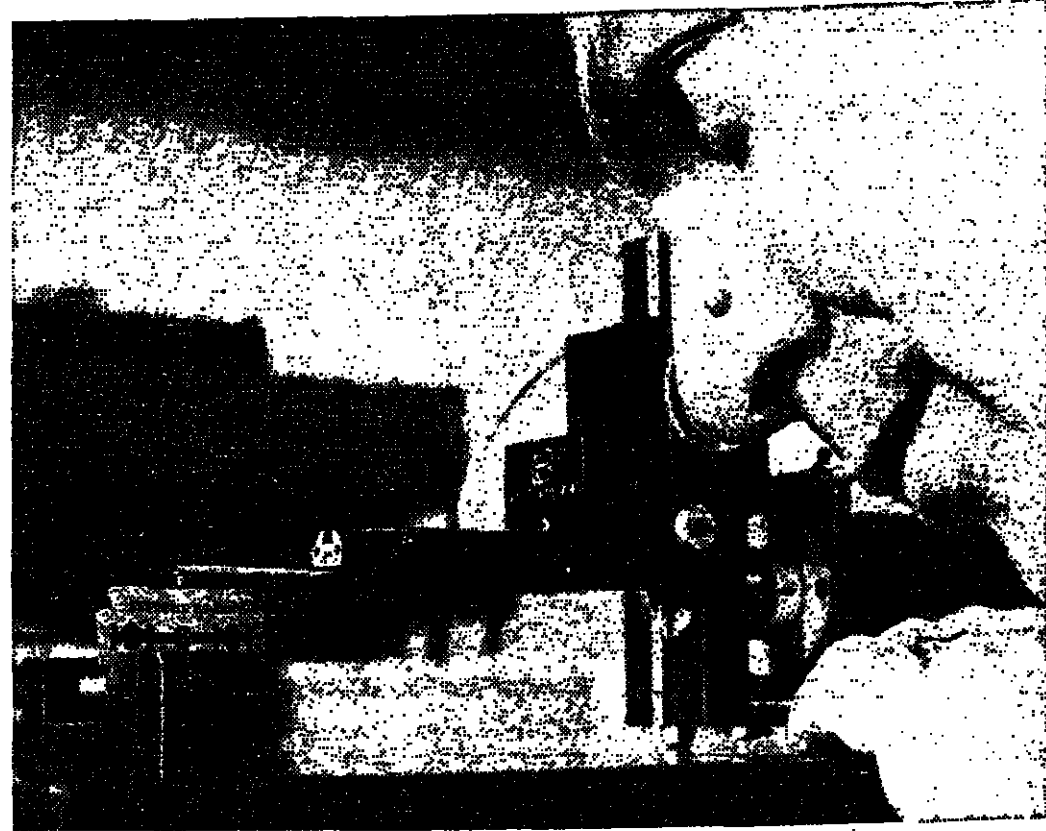
The new exchanges are available in two forms—the regular series, 1000R, and the custom built specially engineered "1000" models.

The 1000R has been devised to provide facilities known to be needed by most users. These include "hold for inquiry," "automatic transfer," "operator recall," "night service" and "broker's call" (enabling one to switch between an inquiry call and an outside call at will).

Standard facilities for the operator include "ring when free," enabling her to park an incoming extension call on to a busy extension until it is free, whereupon it will be rung automatically, and "trunk offering" enabling her to directly interrupt an engaged extension to offer an incoming trunk call. Optional facilities for the user include the ability to use push button instructions for internal calls and for keying external calls, distinctive ringing to enable one to differentiate between internal and external calls, inter-PBX working and the tandem connection of inter-PBX circuits. Short code dialling can also be made available.

The bigger Pentomat 1000 can offer a large number of additional facilities including paging, number translation, push button privileged extensions, long line

INSTRUMENTS



Surface texture of the cutting edge of a razor blade can be measured by the Talsurf 10.

Measuring surface texture

SURFACE texture, where the roughness is measured in micrometres, is an important parameter in many industries, ranging from the reflectiveness of linoleum surfaces to the oil retention on steel sheet used for deep drawing car bodies. There is a British Standard (BS 1134: 1961) and many foreign standards (for example, the German DIN 4768: 1969) as well as ISO standards, which define how roughness shall be measured, and what tolerances should be specified.

Instruments used to measure surface texture, while operating at an accuracy usually associated with laboratory conditions, must be capable of being set up and used on the workshop floor. In some ways these instruments resemble the modern record player which uses a stylus to pick up minute surface variations and magnifies them electronically to produce a signal.

The latest instrument to provide such precise measuring facilities is the Talsurf 10, developed by Rank Precision Industries, Metrology Division, Lee Circle, Leicester LE1 5JB. It provides both Ra (centre line average) readings and permanent rectilinear graph records at what is stated to be a competitive price of just over £1,000. The basic instrument comprises a free standing traverse unit, diamond tipped pick-up and combined amplifier/recorder.

The measuring stroke of the traverse unit is 50 mm. (previous models were 25 mm.) and manual traverse can be used for setting up. Stops limit the stroke length and a scale indicates the traverse position. To obtain Ra readings at any vertical magnification without readjustment, it is only necessary to align the traverse datum to the work piece at the

lowest magnification. The pick-up can be locked in the internal datum and used without a skid. The datum is straight to better than 0.25 micrometres over 50 mm.

Penetration of the pick-up with skid is 100mm in a 16mm diameter bore and without skid 35mm in a 6mm diameter bore.

A choice of six vertical magnifications is provided from x 100 to x 50,000, four horizontal magnifications for recording x 2, x 10, x 20 and x 100, and five cut-off values of 0.08, 0.25, 0.80, 2.5 and 8 mm. A long traverse can be made of 12.5 sampling lengths at the 2.5mm cut-off value.

A measuring stroke is initiated by a switch on the amplifier/recorder—the remote operation ensures maximum stability when graphing at the high magnifications. When the measuring stroke stops the integrated Ra meter holds its reading. Successive readings can be obtained up to the end of the 50mm stroke. If the last traverse is insufficient to complete the required number of sampling lengths, the instrument switches off and the meter reading is cancelled.

Two new parameter meters are available as plug-in accessories. The first measures the Rtm parameter required by the German standard DIN 4768, August, 1969. It is the maximum peak-to-valley in any one sampling length—the new standard, specifying Rtm, means that measurements should be taken in five consecutive sampling lengths and the mean peak-to-valley measurement of the five values is the Rtm.

The second accessory provides measurements of a new surface texture parameter—the average wavelength, which provides details of the openness or close-

ness of the texture. This is important because among other engineering factors it can be used for measuring wear, is directly related to oil retention on sheet for deep drawing, and is a vital factor in contact between bearing surfaces.

The tube is a rotating anode type with anode focus of 1.0 x 0.1 mm viewed at six degrees take off angle. It has provision for four point-focus windows and has two separate cathodes, which make it possible to carry out independent experiments simultaneously.

The power rating is 3.5 kW, anode diameter 18 inches and speed of rotation 3,000 rpm.

The GX13 has already been ordered for laboratories in Germany, Denmark and Britain and the first units are being installed this month.

Powerful X-ray tube

INTENDED for use in conjunction with X-ray diffraction cameras, the GX13 X-ray tube just announced by the neutron division of Elliott Automation Radar Systems has a specific intensity of up to 22kW per square millimetre. The company claims that it will dramatically reduce exposure times and will be a useful aid to scientists investigating the molecular structure of made materials and organic substances.

The power rating is 3.5 kW, anode diameter 18 inches and speed of rotation 3,000 rpm.

The GX13 has already been ordered for laboratories in Germany, Denmark and Britain and the first units are being installed this month.

RESEARCH

University solves problem

FACED with problems in light engineering and medical engineering 24 large, medium and small companies have found the answers by placing contracts with the Design Unit of the Department of Mechanical Engineering at Newcastle-upon-Tyne University. In the ten months since it was established the Unit has obtained £12,000 worth of contract work and is now negotiating another five which will more than double this total.

The contracts cover a range of projects from the design of transmissions for road-making machines, a turbine test rig, heat exchangers, generator blades, fans, and medical instruments to the testing of designs and components.

The Unit is led by Mr. Peter Harbrow, and was set up with a grant of £21,500 from the University Grants Committee, which has recently given another £10,000.

"The latter sum," says Mr. Harbrow, "covers roughly 50 per cent. of the running costs of the Unit and the remaining 50 per cent. are covered by income from our work."

The interest which industry has shown in the Unit and the return of satisfied clients for further assistance re-emphasises the need for the expertise offered by the Unit.

More requests are being received to investigate the malfunction of parts of machines and appliances and to design cures for the trouble," says Mr. Harbrow. "For instance, we were asked to examine bearing failure in grinding machines for optical lenses. Study showed that the machines had been wrongly

METRICATION

Explaining metric threads

UNDERSTANDING the tolerancing concepts for metric screw threads has proved difficult for a wide range of users, and a constant demand for explanation and clarification received by the British Standards Institution from university technical colleges, apprentice schools, and engineering offices.

One of the main differences between the ISO metric thread system and the traditional British systems is that, although the root radius is not included in the basic profile, limiting r are specified in the derived minimum and maximum mate forms of the BS thread.

There is only one basic metric diameter and one basic pitch (effective) diameter to which deviations can be applied obtaining limiting sizes special purposes. This is a result of a change in basic theory thread forms.

This theory is expounded logically in a new book explaining the ISO metric thread concept, sound-synchronised slide gramme has been produced BSI in collaboration with ICI Parkshot, Richmond, Surrey from whom it is available.

DATA RETRIEVAL

Versatile microfilm printer

MICROFILM has often seemed difficult to many users for basic reasons: the lack of simple and inexpensive means of copying back to full sized copies, the fact that equipment is usually only accept one or two types of film.

Designed for use in all 35mm aperture card systems but capable of taking microfilm jackets, 16mm, and 35mm, film, the A2 microfilm printer from Caps Microfilm of 7 We moreland Road, London, N.W. combines the quality, economy of electrostatic print with simple, flexible and inexpensive hardware. The printer allows the operator to see the projected image on the back of the machine as soon as the film is introduced, a daily print-out requirement of tens or hundreds of copies varying sizes. With its universal input and steplessly adjustable magnification from 7.4x up to 18x, this printer is ideal for systems where a combination of microfilm may be found.

An added advantage of the machine is that it will make positive prints from negative or positive microfilm. Print size variable from A5 to A2 (approximately 6 in. x 8 in. up to 17 in. x 23 in.).

The print speed of the machine is two to three prints per minute and it uses liquid toner developed. The unit measures 100 x 60 cm. and weighs 80 lb.

You can't put the system

CONDE

ECONOMIC

All of these securities having been sold, this advertisement appears as a matter of record only.

August, 1971

1,300,000 Units

Tesoro Petroleum Corporation

1,300,000 Shares of Common Stock with 650,000 Warrants

Each Unit consists of one share of Common Stock and one-half of a Warrant. Each whole Warrant expires on August 24, 1976 and entitles the holder to purchase a share of Common Stock at a price, subject to adjustment in certain cases, of \$27.625 per share.

E. F. Hutton & Company Inc.			
Blyth & Co., Inc.	Drexel Firestone	duPont Glove Forgan	Goldman, Sachs & Co.
Kidder, Peabody & Co.		Merrill Lynch, Pierce, Fenner & Smith	
Paine, Webber, Jackson & Curtis		Salomon Brothers	Smith, Barney & Co.
Stone & Webster Securities Corporation			Wertheim & Co.
White, Weld & Co.	Dean Witter & Co.		Bache & Co.
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CBWL-Hayden, Stone Inc.	Clark, Dodge & Co.		Dominick & Dominick
Equitable Securities, Morton & Co.	W. E. Hutton & Co.		Reynolds & Co.
L. F. Rothschild & Co.	Shearson, Hammill & Co.		Shields & Company
F. S. Smithers & Co., Inc.	G. H. Walker & Co.		Walston & Co., Inc.
Robert Fleming	Hill Samuel Securities		Singer & Friedlander Ltd.

Encouraging year for Armitage Shanks

Mr. C. Kenneth Stott, the Chairman, reports:

- The benefits are beginning to emerge which were envisaged at the time of the merger of Armitage and Shanks in August 1969.
- Board confident in recommending an increased dividend.
- Our energies are constantly directed to increasing the Company's profitability and to maintaining the high standard of its products in an ever increasing variety of materials.
- Our overseas operations have shown an improved return on our investments and we confidently look forward to a continued and increased profit from the Group's international activities.

Currently, turnover of our Group is ahead of last year and given freedom from undue cost increases and other factors which can affect production and distribution our course is set for another upward movement of profits.

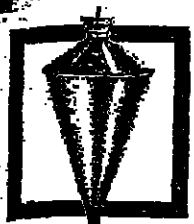
	1971	1970
Profit before tax	£988,607	£637,207
Profit after tax	£601,681	£369,632
Dividend	20%	16%

armitage shanks

The largest manufacturer in Great Britain of Ceramic Plumbing Fixtures.

Head Office: Armitage, Staffordshire

مكنا من الذهب



Building and Civil Engineering

£12m. Devonport dry docks scheme

PLANS for a £12m. frigate complex at Devonport Drydock are being discussed by the Department of the Environment with the Plymouth City Council.

The project, calling for three covered dry docks, forms part of the Dockyard's first major refit since the last century. Long-term plans are in hand for major building and civil engineering developments worth over £40m.

These improvements will equip Devonport to refit and repair nuclear submarines and will make it the leading yard for the "type" refitting of the Leander class frigates and ultimately for their replacements. Typed refitting facilities aim to achieve a quicker turn-around of ships, combined with greater industrial

efficiency, by centralising expertise and facilities.

The frigate refit complex involves modifying three adjacent docks in No. 2 Basin. These docks are not of sufficient size and depth to accommodate the Leander frigates, and will have to be extended and made deeper. In addition, modern cranes, workshops, stores and offices are to be provided.

A feature will be the roofing-in of the docks, which is expected to contribute "significantly" to quicker refitting by enabling work to continue throughout the year, unaffected by bad weather.

As the dockyard workers will have improved working conditions, besides higher levels of productivity, a consequence of the improved environment

should be higher standards of workmanship.

The buildings have been designed as a solid podium, formed by the support buildings and base structure of the cover which will consist of three equal spans of 180 ft. each, and is approximately 480 ft. long. The cover provides a vertical clearance of 130 ft. from ground level, allowing frigates to enter with their masts in position.

Another feature of the complex is the 88 ft. wide ship doors and their posts. Each door consists of four vertically lifting leaves and each leaf is in separate guides. The doors are operated by a system of chains and counterweights. Some idea of the size of this undertaking can be gained by considering

that the covers extend over an area equivalent to the size of a First Division football ground and the ship doors are as high as a modern 12-storey office block.

The main building and supporting structure for the covers will be reinforced concrete framed with precast concrete cladding, while the roof will be of structural steelwork with protected steel sheet cladding with glazing.

Design and construction of the project is being carried out for the Ministry of Defence by the Department of the Environment under the control of the Director of Defence Services. Sir Alexander Gibb and Partners, consulting engineers, have been commissioned to design the cover and support buildings.

Motel for travellers on the M1

AT THE Scratchwood service area at the southern end of the M1 motorway at Hendon a 100-bedroom motel is to be built for Trust Houses Forte Group by Marples Ridgway.

A start has just been made on the £230,000 two-storey motel and completion is scheduled to take about 40 weeks. This is the fifth contract the company has carried out on this site; previous jobs include the original service area, car park, restaurant and the police post and extension.

Houses, store and factory to be upgraded by Laing

THREE Scottish contracts have been won by John Laing Construction for work ranging from house modernisation to factory building.

Largest of these, worth £200,000, concerns modernising 100 houses at Robert Burns Avenue, for the City of Glasgow Council. Central heating and hot water services are to be installed as well as new bathrooms and enlarged kitchens. Electrical wiring will be renewed and necessary repairs will be carried out.

Laing renovated four of the two-storey houses, known locally as the Munitions Houses, under a pilot scheme. The company is now finishing another house renovation scheme, involving 156 homes in the Whitecraik housing scheme, for the same council.

At Greenock, 14 factory units are to be formed from a large industrial complex. Work on the £100,000 contract for the first eight units for Guardian Properties (Industrial Estates) has just started.

The units will be formed with in the present single-storey premises, and work comprises repairs and renovations, construction of walls, doors and fire escape routes, and provision of main services.

Under the third contract, Laing is to install eight passenger escalators in the seven-storey Patrick Thomson drapery store in North Bridge, Edinburgh. Preparations for the installation have been started.

Bidston by-pass begins

A ROAD to be constructed by Brian Civil Engineering near Birkenhead, Cheshire, will carry traffic between Birkenhead and Hoylake Road, by-passing the stage of Bidston.

The by-pass will also provide access to the grade separated junction at Bidston Moss, part of a Second Mersey Tunnel project with connections to the new tunnel approach road and the B5-Wirral M53 motorway now under construction.

Newspaper offices at Redhill

JAMES Longley and Co. has negotiated a £150,000 contract with East Surrey Newspapers for the construction of a 20,000 square feet office building and works at Redhill, Surrey.

This is the second contract negotiated with the newspaper company this year and calls for a five-storey structure to be erected with a precast concrete frame involving only two basic components.

These are double "T" section floor units and "H" frame wall cladding units. Designed by Jan Bobrowski and Partners, consulting engineers, the building will be based on piled foundations using driven cast in situ piles with permanent steel casings so as to achieve a load bearing capacity of over 40 tons each.

Concrete units will be erected using a 55-ton mobile crane with a lifting capacity of about 11 tons at 40 feet radius.

Architects for the project, which will take about 40 weeks to finish, are J. H. Allyn and Associates, of Reigate.

Conder to supply more steelwork

FURTHER steelwork contracts totalling £520,000 have been received by Conder (Southern) involving steel superstructures for construction as well as a ground-level roundabout.

Earthworks include the removal of a large amount of peaty material and its replacement by imported sandstone.

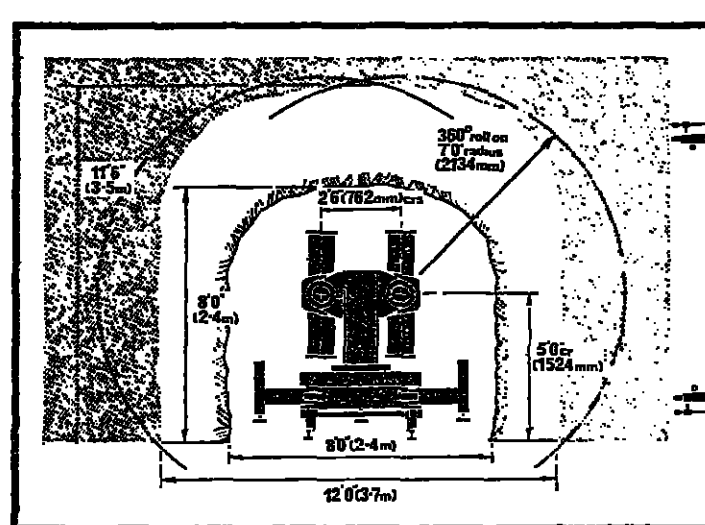
One is for a 48,000 square feet extension to the Appledore Shipbuilders dock in Devon where Conder last year provided the superstructure for the 10,000 square feet covered dock involving 480 tons of steelwork. This project is intended to increase the prefabrication capacity of the yard.

Steel erection for this extension, which includes two mezzanine floors, begins in October with completion planned for early next year.

For Vesper Thornycroft, at Woolston, Southampton, a 82,000 square feet building being constructed over existing slipways. Involves 1,100 tons of steelwork and includes mansard portal frame design.

To incorporate two 40-ton cranes and two 10-ton cranes, the building will be clad in protected steel sheeting lined with plastic lined plasterboard with fibre glass in-fill.

Main contractor for both projects is George Wimpey and Co.



This diagram indicates the scope and size of coverage claimed for Compair's rail-mounted Autopanto twin drill boom.

Automatic drilling of hard rock in tunnels

PLANS for the marketing of a 12 feet by 10 feet. Lift, dump, crowd and roll-over movements of the boom are all hydraulically controlled. By combined rotation and elevation the unit can cover a 14 feet diameter section immediately ahead of the boom when in the horizontal position.

Holes are kept parallel by an automatic dump control with an over-ride system to allow inclined holes to be drilled inwards or outwards from the tunnel axis when necessary. Re-alignment from the over-ride position to the original parallel setting is automatic. Pneumatic and hydraulic controls are grouped on a mounting bracket which can be placed within easy reach of the operator.

The basic equipment includes a single boom, chain feed cradle, pneumatic power pack, control panel and hoses which can all be mounted on a chassis to suit the requirements of a specific job. Three drill carriages are available for use with standard integral steels with effective lengths of 10 ft 6 in, 13 ft 1 in and 15 ft 9 in.

The company says it is envisaged that kits to be marketed under the name Autopanto will normally be combined to form two or three boom "jumbos" and a range of hydraulic power packs will be available, each suitable for a given combination of booms.

It is stated that comparative tests in Cornish granite with air-leg mounted rock drills and the Autopanto twin boom unit using

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Housing for Navy at Plymouth

ORDERS recently gained by George Wimpey and Co include a £1m. housing project for naval ratings married quarters at St. Budeaux, Plymouth, and a civil engineering job for Imperial Chemical Industries' Dyestuff Division at Grangemouth, Stirlingshire.

Awarded by the Department of the Environment, the houses for the Navy will be built using the No-Fines method.

Scheduled to be started by the end of the year, the project calls for 208 2-bedroom houses and 25 3-bedroom houses to be arranged in 54 2-storey blocks. The steeply sloping site, which is alongside another Wimpey-built estate of maisonettes, is on a headland.

Civil engineering work for the chemical fungicide plant, which ICI will use to produce pyrimidines, will be carried out under a £145,000 contract involving the construction of a steel-framed building.

Mitchell wins water works job

TEES Valley and Cleveland Water Board has awarded Mitchell Construction Company a £1m. order for extensions to a water treatment works on the River Tees. These extensions will enable the plant to deal initially with an extra 20m. gallons of water a day.

The site is the existing Brooke Scar Water Treatment Works near Darlington, Co. Durham, and the extended plant will be capable of dealing with water released 30 miles upstream from the newly-opened Cow Green Reservoir—also constructed by Mitchell.

Modifications to the low-lift pumping station will enable more water to be taken from the river. Three reinforced concrete sedimentation tanks are to be installed as well as a contact tank and filter block. A chemical store is also included in the 91-week project.

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Welsh road ahead of schedule

CARDIFF'S 5-mile long Eastern Avenue inner by-pass is nearing completion and is expected to be opened to traffic in November, six months ahead of schedule.

Being constructed by Gleeson Civil Engineering under a £34m. contract, the dual carriageway forms part of the London-Fishguard trunk road scheme.

The opening in 1966 of the Severn Bridge and the M4 motorway by-passing Newport provided a modern highway to the eastern approach of Cardiff.

This new road extends this and will form a link in the general network until the M4 is built around the northern boundary of the City. Also included in the contract are six over-bridges, two 2-level interchanges, with roundabouts over Eastern Avenue, a surface roundabout, four under-bridges, retaining walls, three subways and two large diameter culverts.

In erecting the bridges some standardisation was achieved by using precast steel beams over 80 feet long for the four over-bridges and two under-bridges.

£1m. office work to Gleeson

CONTRACTS worth over £1m. for the erection of two buildings—one in Leicester, the other in Rochdale, Lancs.—have been awarded to Gleeson (Sheffield).

Phase II of the James West building, City of Leicester Polytechnic, valued at £527,326, comprises a 10-storey block with a podium at ground and first floor levels with two towers at second

Covered shopping centre

BRISTOL Corporation has approved plans for an out-of-town covered shopping centre submitted by Whicheol Macfarlane and Partners.

The £1m. complex will include offices, shops, flats, a health centre, public library and car parks, planned as a unified neighbourhood centre with complete segregation between pedestrians and vehicles.

All shops, flats and public

Hotel and sewage work for Bovis

TWO divisions of the Bovis group have won contracts, together valued at £3m., for sewage treatment works and an hotel.

The Farr division has been awarded a £2m. sewage works order by the Milton Keynes Development Corporation. Various sedimentation, aeration, balancing and sludge tanks and sand filters are included in the job, for which the consulting engineers are J. D. and D. M. Watson.

Most of the structures will be in reinforced concrete, but one feature of the scheme will be an earth embankment to protect the works from flood. Substantial landscaping will be carried out to shield the works from surrounding developments.

In the centre of Bradford, Gilbert Ash division is to erect a 7-storey hotel for Arnot Muller Developments. The Norfolk Gardens Hotel, as it will be called, will have 125 bedrooms and should be ready by November 1972.

The ground floor of the 66,300 sq. ft. building will include reception areas, bars, restaurant, steak-bar, entertainment room and conference room, while on the top floor there will be a dining room and sauna.

Designed by Walker and Collinson, the hotel will be of load-bearing brick wall construction with precast concrete floors.

buildings are planned at upper levels with storage areas at service level where unloading of merchandise will be by means of tailboard height loading bays. With a frontage on to Ostlands Avenue, near the old Whitechurch Airport, part of the site will be left as open space.

The shops have been designed on a standard planning grid and the developer, C. H. Pearce and Sons (Contractors), will be responsible for all shop fronts, in order to achieve standardisation.

A covered balcony will provide access to the 11 single and 16 two-bedroom flats to be built above the shops. Garages for the residents are to be provided as well as 270 spaces in public car parks. Office space will be created depending on demand.

The structure of the service area and shopping level floor slab will be in reinforced concrete, while the shops above will be steel framed. The covered plaza will be fitted with ventilated roof lights.

All of these securities having been sold, this advertisement appears as a matter of record only.



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ECONOMIC GROUP LIMITED

Extracts from the Statement by the Chairman Mr. J. S. Hime, F.C.A.

- Your Directors have been pleased to announce an increase in net profit before taxation at £246,000 for the year ended 31st March 1971 compared with £193,000 for the fifteen months ended 31st March 1970. It has not been considered necessary to make any provision for Corporation Tax on the profit for the year as it is estimated that this will be fully offset by tax losses. In addition there will be no charge for that, this will be fully offset by tax losses arising in Braby Group Limited, one of our main subsidiaries, as there are tax losses amounting to at least £23 million to be carried forward.
- A final dividend of 35% is proposed making 50% for the year, compared with the same figure for the longer period of fifteen months ended 31st March 1970—equivalent to 40% on an annual basis.
- Following the acquisition of Braby Group on 28th June 1970, the year under review has been one primarily of consolidation and reorganisation in the enlarged Group. Particular attention has been given to Auto Diesels Braby Limited where the financial control has been improved and a substantial saving made in both production costs and overheads. It is now clear that the future of this Subsidiary can be viewed in a different light and your Directors are confident that this Company's 1971/72 results will be materially better than the loss amounting to £94,000 for the nine months since its acquisition.
- Close attention has also been given during the year to improving the financial structure of the enlarged Group. Your Directors decided to reduce during 1971 the level of bank borrowings through the sale and leaseback of certain freehold properties and the sale of a surplus leasehold property. As part of this scheme freehold property at Uxbridge was sold and leased back, realising net proceeds of £294,000 in March 1971. It is expected that sales of the other properties concerned will shortly be completed.
- Excluding the loss incurred by Auto Diesels Braby in 1970/71, net pre-tax profit was running at an annual rate of £369,000. Further improvement in turnover and profitability is taking place in the current year and it is felt that with the reorganisation of the Group's operating activities mainly completed and under the first-class management available to us, the future may be faced with confidence.

Copies of the Annual Report and Accounts can be obtained on request from the Secretary, Economic Group Limited, Cowley Mill Road, Uxbridge, Middlesex.

AUSTRALIA

Financial
Times
Survey

Time for decisions within and without

MICHAEL SOUTHERN, Australia Editor

relaxed, sometimes the attitude which is the out-
world's image of Aus-
is a deep-rooted part of
national character. It largely
is the "she'll be right"
slogan that has governed the
ing and actions of Aus-
ins for years. There is
the sense of relative isola-
in world terms—at the end
e sea and air routes geo-
ically, at the end of action
reaction politically.
is good cause for this
he. Things usually have
"right." Nature has been
in that where famine
red in one sector (such as
industries) a feast
red somewhere else
als). And the country's
ons to world affairs has
governed by its reliance on
countries like Britain and
ica for direct help and
nce in matters of defence
oreign policy.

Found wanting

things are not right any-
The underlying sense of
e of the last two years has
way to uncertainty and
The luck that for so
ran for Australia has
and now in addition the
ement of the country has
found wanting. The rural
is depressed and will
n so for a considerable
l. The minerals boom is
g down, while the Stock
aget boom that it brought
and, truly over, leaving

the country discredited in the
eyes of many people overseas
after the Mineral Securities,
Leopold and Queensland Mines
affairs.

The facts that made the
boom, however, remain. One
cannot be but impressed by the
natural resources in quantities
that defy the imagination. In
travelling around this under-
populated continent one sees
mountains of iron ore, square
mile upon square mile of
bauxite, and desert oil rigs that
are bringing great quantities of
oil and gas from underneath the
barren land.

But Australia is now having
to cope with other and new
problems which have been
forced on the country and its
leaders from the outside. Ten
years ago it was clear that the
commercial and emotional links
with Britain would be weakened.
If Britain joins the EEC, the
moves towards a final and
decisive severance will be
speedy. To provide for this,
Australia turned to what former
Prime Minister Sir Robert
Menzies described as her "great
and powerful ally," America.
The price of American protec-
tion has been involvement in
Vietnam and, through a massive
inflow of U.S. capital and
people, enormous social, en-
vironmental and economic
change.

Australia is now likened to
the America of 15 years ago—
rich, brash and unsure. The
American influence has left

indelible marks as pleasant
low-rise cities have been turned
into glass and concrete mini-
Manhattans, Chicagos, and Los
Angeles. Australians have come
to love their drive-in cinemas
and their Colonel Saunders
chicken and the diet of U.S.-
originated shows that dominate
television. They have attuned
to the garish architecture and
colour of the convenience food
shops that proliferate and are
as alien to the landscape as is
an Andy Warhol painting of a
soup can to a room full of
Monet water lilies.

Sold too cheaply

But the economic impact has
been most felt in U.S. buying of
Australian assets and land as
well as in the financing of giant
projects for which there was
not enough money locally. There
is public outcry against this as
the value of the dollar depre-
ciates and the value of the assets
increases, leaving a bitter taste
in Australian mouths and the
suspicion that their assets were
sold too cheaply. Economic
nationalism, which subsided a
little while ago, is returning.

But the American relationship
is also weakening, partly as a
result of the pull-out of the
U.S. from South-East Asia and
very much as a result of Presi-
dent Nixon's latest economic
package, which is seen as caus-
ing great damage to the finely
balanced Australian economy.

There have also been squabbles
between the two countries over
airline rights (indeed, one con-
tinues at this time) and the
changes in U.S. attitudes over
Communist China left the
Australian Government well
behind.

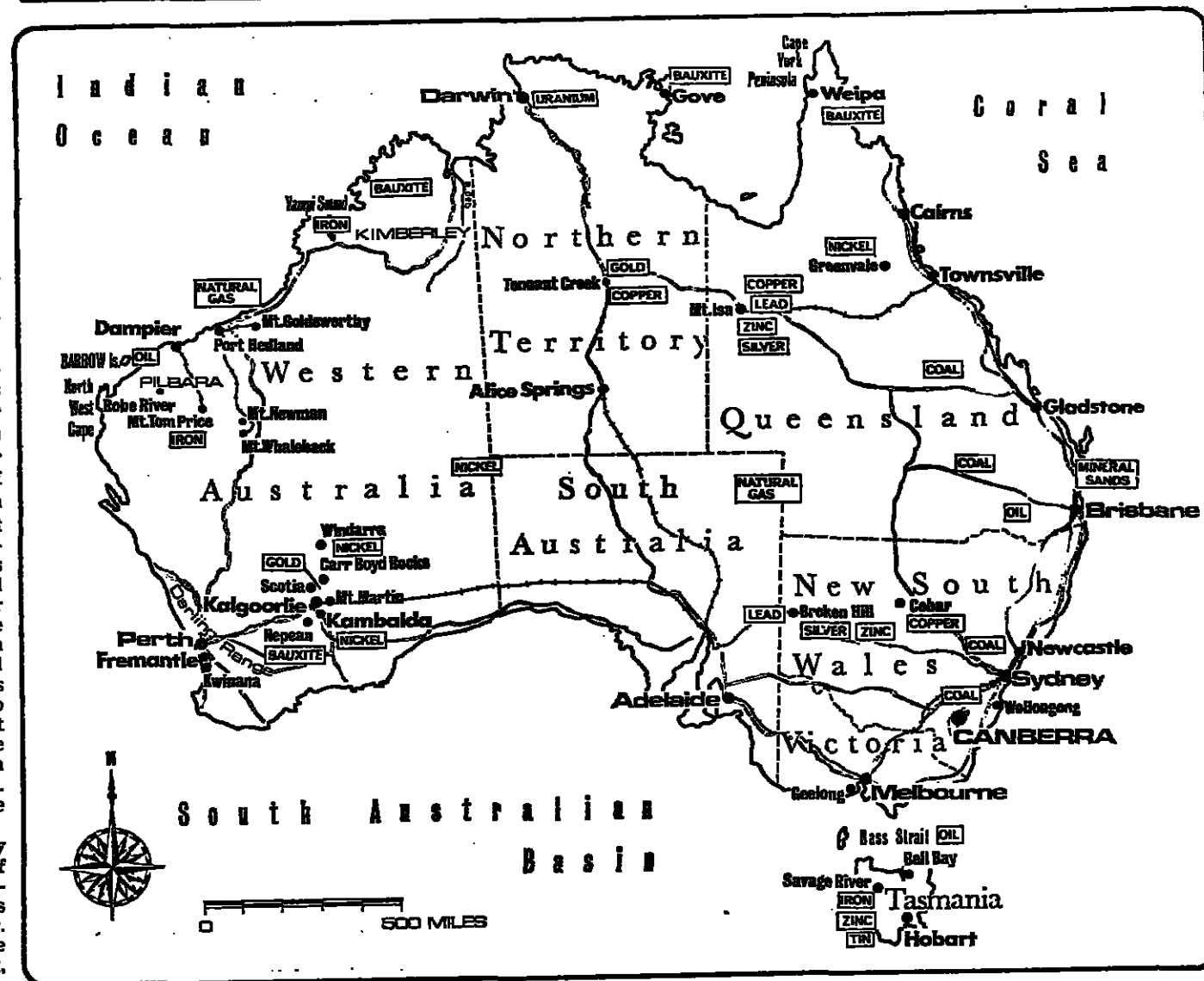
So, Australia is once more
at the crossroads. On previous
occasions she has simply been
able to take the American or
British hand and follow on.
Now there is no one, not even
Japan. For much as Australia
loves the Japanese market, she
has not yet come to terms with
living in the sphere of Japanese
influence and is suspicious of
it. The difficulty has been
heightened by the fact that
while the world has been catch-
ing up on Australia, and its
economy has become more and
more demanding of proper
management and attention, the
country's leaders have been
embroiled in their own personal
and political struggles. Fights
over leadership have taken up
a great deal of time in the past
three years, time which the
people felt might have been
better used running the country.
This has added so much to the
uncertainty.

Under Menzies the country
saw a long and stable period of
leadership. Since his retire-
ment, the only certainty was
that the Liberals were in power.
One hardly knew who would be
Prime Minister or for how long.

Continued on next page

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on it.

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RURAL PRODUCTS

4.6%
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6% we're working on. We've got the right
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accessories, materials handling equipment, sports-
goods. They're items with strong selling potential
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in Trade Displays, advertising features and publicity.
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AUSTRALIA



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Banc Computing Services Limited



The Queen's Award to Industry 1971
to Barclays Bank Limited

AUSTRALIA II

Inflation must be curbed

By R. I. DOWNING, Ritchie Professor of Research in Economics at the University of Melbourne and President of the Academy of the Social Sciences in Australia.

Australia's economic growth rate during the 1960s has, at over 5½ per cent a year, been higher than that of any other Western country. The growth rate fell below 4 per cent during 1970-71, and unemployment rose from 53,000 in June 1970 to 71,000 in July 1971. Nevertheless, the pace of inflation accelerated sharply. Average earnings rose by 10½ per cent compared with 5 per cent between 1955 and 1968; retail prices by 4.8 per cent compared with 2½ per cent.

The Federal Budget pushed hard the conventional, but now discounted, idea that stagnation-inflation can be stopped by cutting expenditure and increasing taxes. The prospect is for an increasing loss of potential production, rising unemployment, continuing high rates of increase of earnings, and a further acceleration in the rate of increase of prices as employers seek to overcome last year's lag of prices behind earnings. In 1970-71, total wages and salaries paid increased by 14.7 per cent over the previous year while company income fell by 0.7 per cent, farm income fell by 24.4 per cent and other unincorporated enterprise income rose by 5.7 per cent.

Table 1 shows the Federal Government's domestic outlays over the past two years and the estimate for the current year. The annual increase column is corrected for changes in the number of pay-days in particular years and for the full-year effects of changes in cash social benefits introduced during the financial year. The percentage increases in the last column measure effectively the impact of changes in Government spending on the level of economic activity.

There is therefore a very substantial cut proposed in the rate at which Commonwealth Government expenditure has been increasing.

In addition, the budget

imposes increases in personal income tax of \$68m. (by a 2½ per cent surcharge on last year's rates) and in company income tax of \$24m. (by eliminating the concessional tax rate for the first \$10,000 of company income), and increases of Customs and Excise on tobacco by \$21m. and on petrol by \$43m. The increased revenue from these changes in tax-rates will be \$156m. compared with an increase of only \$30m. from the previous year's changes in tax-rates.

Higher charges

The increase in Government expenditure net of revenue from changes in tax-rates was 14.5 per cent in 1970-71 and is estimated to be only 5 per cent in 1971-72.

There will also be higher

penditures on non-dwelling construction and on plant and machinery. The increase in personal consumption expenditure (by 8.9 per cent in 1970-71 and by 38.7 per cent since 1966-67) continues to lag behind the increase in gross national expenditure (by 9.7 per cent and 43.5 per cent respectively). Table 2 shows yearly percentage increases in significant indicators over the past three years and the Treasurer's estimates for some of them in 1971-72.

The 1971-72 estimates seem too optimistic in the light of the budget strategy that has been adopted. Real non-farm product should rise by perhaps only 4 per cent, productivity by 1 per cent, earnings by 10 per cent, and retail prices by 7 per cent.

Table 1 — DOMESTIC OUTLAYS

Year	Federal domestic outlay \$m.	Annual increases in outlay corrected for calendar effects \$m.	%
1969-70	6,675	+632	+10.5
1970-71	7,669	+997	+13.0
1971-72 (estimate)	8,311	+541	+7.1

Table 2 — INDICATORS

Year	Non-farm product (constant prices)		Non-farm productivity		Average earnings		Retail prices	
	%	em-ployees	%	em-ployees	%	em-ployees	%	em-ployees
1968-69	5.9	3.2	2.6	7.5	2.6	7.5	2.6	2.6
1969-70	6.9	4.0	2.8	8.4	3.2	8.4	3.2	3.2
1970-71	4.4	3.7	0.7	10.5	4.8	10.5	4.8	4.8
1971-72 (estimate)	(2.8)	(2.5)	(9.0)					

charges for various Government services, bringing an extra \$50m. to the Post Office and an extra \$11m. for radio and television licence fees. The charges for chemists' prescriptions have been doubled, from 80 cents to \$1, but pensioners will continue to get prescriptions free.

For 1971-72, the migration target for "permanent settlers arriving" has been cut to 140,000 from the original target of 180,000 for 1970-71. Unemployment is likely to continue to rise, perhaps to 90,000 or more by June, 1972, in which case it would be nearly 2 per cent of the employed workforce. The rapid increase in the rate of participation of married women in the workforce is likely to slacken. Surveys of investors' expectations indicate reduced ex-

charges for various Government services, bringing an extra \$50m. to the Post Office and an extra \$11m. for radio and television licence fees. The charges for chemists' prescriptions have been doubled, from 80 cents to \$1, but pensioners will continue to get prescriptions free.

The Treasurer implies that the Government spent too much and taxed too little in 1970-71. Had it spent less and taxed more, production would have increased, less unemployment would have risen more and earnings and prices would probably have risen at the same rate. The Government's fiscal policy for 1971-72 must be presumed likely to dampen activity and increase unemployment without abating inflation.

It would have been preferable to seek to restore rates of increase of production, productivity and employment, and to tackle inflation directly through incomes and prices policy designed to stiffen employer resistance to income-increases and to rally public opinion against unjustifiable price increases. Government leadership in restraining income increases

Decisions

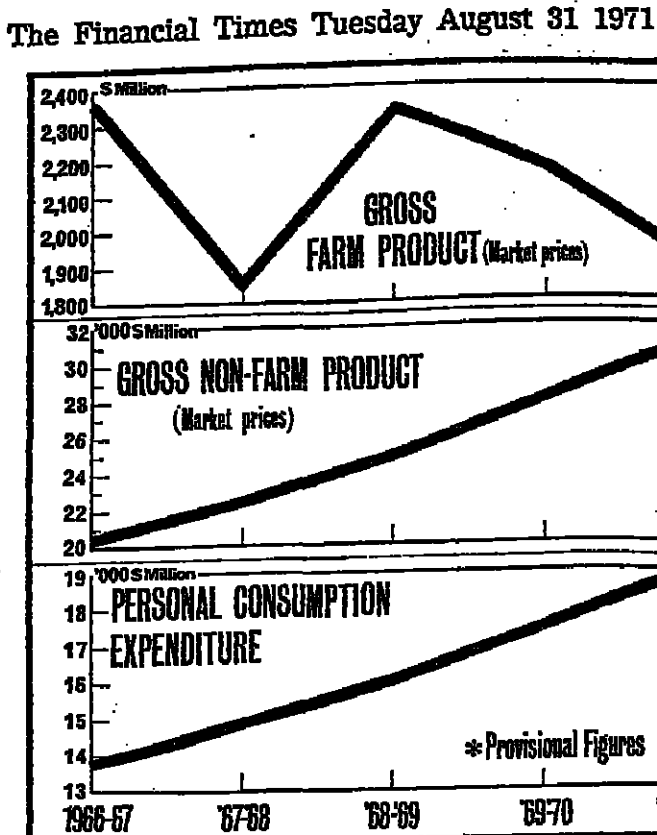
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Continued from previous page shops, and with one car to every three persons. Yet for all this wealth, Australia has some 2m. of its 13m. people living in poverty. It is a problem that 12 months ago attracted a great deal of public attention and was the great social and talking point for a while. But talking was the end of the issue. There has been little official action to help relieve the poor, and the fact that they live in suburbs of their own, out of sight of the affluent Australian, has lessened the impact that the problem could have had on the Australian conscience.

Australia is emerging as a South Pacific and South-East Asian nation. As the wealthiest country in the region, it is being looked upon by the smaller countries for leadership and help in defence and economic aid. So far, this leadership has not been given. The withdrawal of British and U.S. influence will force decision-making upon this country as it comes to terms with people who are geographically neighbours but racially and culturally alien. There is talk, sometimes, of a common market for the area—but if this implies free movement of people, Australia will reject it. The bulk of aid goes to Papua-New Guinea. But can Australia be said to be taking the South Pacific seriously (as the Government has claimed) when its grant to the South Pacific Commission is only \$A309m. and South Pacific economic aid is only \$A1m. in a total foreign aid budget of \$A186m.?

Affluent country

On the other side of the coin, Australia is an affluent country whose people are very much concerned with material things. Gross National Product in 1970-71 was \$A33,028m. against \$A30,107m. in the previous fiscal year. Personal spending has been rising at a rate of 9 per cent a year, incomes have been rising rapidly. This misnomer of the Australian prevails. wealth is manifested in the With a little luck and a lot of urban society that is any management, things will get Australian city, with its large right again.



BASIC STATISTICS

Area: 2.97m. square miles	Foreign trade* (12 months June, 1971):
Population: 12.79m.	Imports: \$2,348m.
GNP (1970-71): \$15,431m.	Exports: \$2,353m.
GNP per capita: \$1,210.	Imports from U.K.: \$413m.
Foreign trade (1970):	Exports to U.K.: \$221m.
Imports: \$1,887m.	
Exports: \$1,981m.	Rate of Exchange:
Imports from U.K. \$246.1m.	£1 = \$A2.14
Exports to U.K. \$260.1m.	* Provisional

for the quarter of the work force for whose incomes it is directly or indirectly responsible, and tax penalties for private employers who increase their average payroll per employee above a prescribed norm, could be expected to have useful effects.

As expected, woolgrowers are to receive a subsidy designed to bring average receipts at 36 cents a pound as against the current price of 29 cents. They certainly need some form of subsidy pending the development of rural reconstruction policies. But it would have been preferable to give a lower rate of subsidy in respect of wool produced in excess of an appropriate level, so as to concentrate the assistance more on the smaller woolgrowers. It would have been better also to pay any subsidy on the basis of 1970-71 production, so as to leave growers free to respond in their 1971-72 production decisions to current low world prices for wool.

Greater measure

The Government intends to bring into the forefront of discussion the economic consequences of decisions on wage and salary movements by the arbitration system. Government departments will be required to budget for three years ahead, the growth of the civil service is to be restrained and departmental functions and activities are to be reviewed.

The State Governments will have a greater measure of financial independence with the transfer to them of the payroll tax. Needy families renting from Housing Commissions will be subsidised. Tax concessions for expenditure on education have been increased. Aid to developing countries remains high by international standards.

The Australian economy has grown rapidly since the end of World War II. Population has risen from 7½m. in 1947 to 13m., or by over 2 per cent a year, with nearly half the increase coming from migration which is still predominantly British. The work-force has risen during the 1960s by 2.8 per cent a year. Gross national product in 1970-71 was \$33,000m.

Productivity has been rising by 2½ to 3 per cent a year. This is a remarkable change from the near-stagnation of the 55 years from 1892 to 1947, when real product grew by perhaps only 2 per cent a year.

and product per head by cent a year. The prospects for growth are excellent. Australian social and political stability is attractive to entrepreneurs and investors, both domestic and overseas. Seven governments and seven cities, each determined to in national prosperity, many growth-points with depressed areas. Great improvements in rail, road, sea air transport are linking scattered regional markets one large-scale national economy.

Falling prices

Innovations in primary production have done much to set falling overseas prices the export-base of the economy. It has clearly shifted to mine Overseas trade prospects have been transformed by the growth of Japanese demand materials, many of which are supplied by Australia. It is to be expected that it will be a substantial increase in the domestic processing these materials, thus adding the growth of manufacturing exports which have risen from 6 per cent of exports in the early 1950 to nearly 20 per cent.

Entry of Britain into Common Market will in great losses on some sectors of the economy. The economy whole will not be seriously affected.

Overseas capital has flowing in at very high rates. In 1970-71, in change reserves are at a level, having increased further \$600m. in 1970. Nevertheless, of the 28 per cent of gross national product has gone to capital form over the past five years, per cent has been finance domestic saving.

Post-war economic growth yielded full employment, living standards, greater choice and an abundance of social tensions. worthwhile achievements threatened by slackening and accelerating economic policy is needed to preserve growth and its benefits while moderating the inflation. The Australian needs to earn the respect members by providing improved standards of public education, health care and social security. It would be then in a position to call for popular operation in the restraint rising money incomes.

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AUSTRALIA III

Rough time in politics

By MICHAEL SOUTHERN

For Mr. McMahon, the honeymoon as Prime Minister is over. The time that has elapsed since his March election after the bitter party dispute that deposed Mr. John Gorton, the new Prime Minister has achieved little, other than ridding himself of Mr. Gorton as his deputy party leader and a Cabinet Minister. And, according to a nationwide opinion poll last month, the very act of chopping Mr. Gorton finally swung the electoral support that Mr. McMahon had over to the opposition Labour Party.

It has been a rough six months, just as Mr. Gorton had a rough six months from September last to March. The Liberal Parliamentary Party is divided under Mr. Gorton, it is even more divided under Mr. McMahon. It may be that with Gorton gone, Mr. McMahon will begin to show the qualities of leadership that this country looks for in these confused times of stag and counterstag. Mr. McMahon will have to show his quality very soon if he is to bring the Liberal Party back to the public confidence.

Sometime between now and November 1972 Mr. McMahon is to face an election. On his present standing, he would lose, in with the vexed issue of stag almost resolved by the announcement that troops will be withdrawn. There is little to choose from in terms of official philosophy between the Liberal and Labour parties. But at least the Labour Party has overcome its divisions and has, Gough Whitlam, a leader who emerged as an alternative time Minister. Equally, the Labour Party knows full well that it must hold itself together to win this next election. If it fails, there will be a Liberal government in this country for years to come.

There is every reason to believe that Mr. McMahon would want to go to an election next March. By then, troops will be home from Vietnam; the price rises ought about by his budget will be forgotten, but the penumbras will not. By then too, real squeeze on liquidity and the unemployment that a deflationary budget process will not have been fully felt—that is something for the quarter of the financial year. So, the options are for such, or to take the chance of hanging through to the bitter end and the hope that a giveaway budget in August will sweeten the electorate.

But before Mr. McMahon considers an election, he must first win the confidence of his Parliamentary party.

"Do you anticipate any challenges to your leadership as Mr. Gorton has had?" he was asked the day he became Prime Minister.

"I hope not," Mr. McMahon said. "but I hope that I will be able to so change the Party

system to bring them (the backbenchers) well into the mechanism of Government."

So far, Mr. McMahon has failed in this task. Indeed, in the first week of the new session of Parliament, he had to back down on the appointment of Junior Cabinet Ministers when three of his backbenchers threatened to cross the floor rather than have the men hoisted into power. And Mr. Gorton's presence on the back bench will be just as disturbing. The divisions grow wider rather than close. And the opposition plays on this.

Ambitious man

Mr. McMahon's lack of control over the parliamentary party was made clear when Senator Sir Magnus Cormack was elected President of the Senate and Mr. Billy Snedden the deputy leader of the Party. In both cases, Mr. McMahon had his support out for another candidate. And the very presence of Mr. Snedden as deputy leader is in itself a challenge, for Mr. Snedden is an ambitious and forceful man.

Mr. Gorton, too, is anything but out of the running for another bid for leadership. Indeed, it is clear that Mr. Gorton sees himself as being called back as leader of the party, particularly if Mr. McMahon loses the next election. He still has a great deal of support and public sympathy, and already, the electorate and the newspapers which played such an important part in his downfall appear to have forgotten the harsh criticisms they had to make of the man while he was in office.

In all of these squabbles, the Country Party has been admirably silent. But then it has problems of its own as rural industries decline and disinvestment among its supporters grows. The rural industries (and hence the Country Party vote) have been the ones to suffer most as the effects of inflation push costs up, the tariff policy makes necessary imports dear, and the

severe drop in prices drive them either off their land or into poverty. There have also been divisions between the Country Party and the Liberals on the vital question of rural aid. They are divisions that as yet are not wide enough to break the coalition, but they are growing.

And, the Country Party has lost its real strength with the retirement of Sir John McEwen, the man who kept Mr. McMahon out of the Prime Minister's office for so long because of his undue influence over the Liberal coalition. Sir John had the firmness and grip over his Parliamentary colleagues that the Liberals have not seen since Sir Robert Menzies retired. Mr. Doug Anthony, the new Country Party leader, has none of this talent for leadership.

So, the Government is a divided group, lacking leadership, lacking direction and desperately looking for a way out. It also lacks the statesman of the Menzies' calibre (or even a Holt) to pull it together. The opposition for its part has fire, it has its leadership, and will keep its squabbles quiet now that the long cherished goal of government is in sight.

In Australia, it is not enough to win the popular vote if one is to govern as the Labour Party knows full well. In all elections since 1966, the Labour Party has won the majority of the primary votes only to be thwarted by the preferential voting system which it is determined to abolish once it achieves power. For who governs Australia is determined by minority parties, and in particular the Democratic Labour Party which has an unusual and influential role. Its roots are in the Roman Catholic Church; its platform is anti-Communist. It does not have a man in the House of Representatives but with five Senators in a senate that is hostile to the Government, holds the balance of power. At election times, it is the DLP preference votes being given to the Government that frustrates the Labour

Party. The price of this support has been high for the coalition. Whenever the election comes, the one thing that may be lacking is an issue. The differences between the two parties is slight on domestic matters and not that variable on foreign affairs. McMahon's Government is happy to play with South Africa. Mr. Whitlam is not. Mr. Whitlam wants to recognise Communist China at the expense of Taiwan. Mr. McMahon, who has been totally blind on the question of China, is now prepared (as he must) to follow the Washington line of a joint recognition. Mr. Whitlam has long argued that Australian troops ought to be out of Vietnam, and Mr. McMahon is really pulling them out. Mr. Whitlam is anti-National Service and Mr. McMahon is for it.

Law and order

On the domestic front, law and order was very much a problem during the Springboks visit, and this could arise again during the South African cricket team's visit—if it ever comes off. They are due in the summer, and Australians have made it clear that they want to see them here. If trade unions take a stand against them, and demonstrators demonstrate, Mr. McMahon could well find himself the issue he needs—and he would probably win.

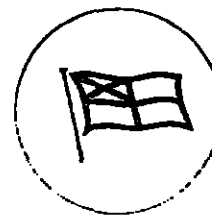
One can only hope that, at the next election, there is a clear victory to one side or the other. For while Australia claims on the one hand to be politically stable, it does, on the other, have elections about every 18 months, as Senate and Lower House votes come around. It has seen innumerable changes in the Cabinet: the Prime Minister, in the person of Mr. Gorton, was constantly challenged and finally deposed, and the new Prime Minister is anything but secure. As a result of this, there has been a lack in continuity of direction; and on the part of Ministers a lack of any real certainty as to the future of their portfolios. There have been four Education Ministers in 18 months; three Treasurers in hardly as many years. Stable as the Liberal Party might have been as a Government, it has generated a great deal of political uncertainty that has annoyed business life and society. In South Australia and Western Australia this has resulted in changes of Government from Liberal to Labour. In NSW Labour came within a whisker of unseating the Government. The uncertainty was expressed not too long ago in a private report by Eric White, the public relations consultancy, for an overseas client. It warned them to expect a change of Government soon.



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Abrupt end to defence initiative

By KENNETH RANDALL

In his brief five months as Australia's Defence Minister, Mr. John Gorton had begun to take the first tentative steps towards preparing public opinion for an important change in policy—perhaps the most important in 20 years.

Its directions were sketched only vaguely and its semantics were in a tradition of obfuscation which has bedevilled and

largely aborted worthwhile public discussion of defence issues within Australia since the middle years of Sir Robert Menzies' reign as Prime Minister. The legacy of his Liberal Party's own past forced both the vagueness and language upon Mr. Gorton.

But even with extreme caution, the initiative for change appears to have ended as

abruptly as Mr. Gorton's career as the responsible Minister. His obvious insecurity in any Cabinet headed by Mr. William McMahon had been the major obstacle to furtherance of Mr. Gorton's new ideas. His dismissal, and a series of subsequent announcements, have served to demonstrate the Government's rapid de-emphasis of defence as both a political issue and a national priority.

There will be no significant pressure from the Labour Party opposition to retain it as a top priority. Though both the major political parties vehemently deny the suggestion in public they seem to be headed almost inevitably for a considerable measure of bipartisanship in defence and foreign policies—Labour by design, the Government from lack of alternatives.

Labour, as a matter of firm policy, opposes the stationing of any Australian forces overseas but supports the concept of close defence co-operation with friendly, neighbouring countries supported by regular joint exercises and highly mobile forces. Nominally, the Government remains committed to a concept of so-called "forward defence"—the Menzies concept—but finds the means of its practical implementation progressively slipping away.

The formal announcement on August 18 that all Australian combat forces will be withdrawn from Vietnam by Christmas, and that all other elements and equipment with the exception of about 30 training personnel, will be brought home by February or March next year will leave only one battalion of troops (in Singapore) and two Mirage fighter squadrons (in Malaysia) based outside Australia.

There is a strong feeling that, even without a change of Government the Malaysia-Singapore arrangement is unlikely to persist beyond the middle 1970s.

It was with these prospects in mind that Mr. Gorton began to stress last June and July the elements of "flexibility" and "independence" as keystones of policy planning.

The policy of "forward defence" as it was inserted into the Liberal lexicon by Sir Robert Menzies meant, in crude terms, "we fight them there so that we do not fight them here." Even by more refined definition, the term was, as a leading commentator recently put it, "a

Continued on next page.

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AUSTRALIA IV

Australians and the outside world is the theme of articles on the next few pages—their political and trading policies and what their main trading partners think of them.

Turning away from Britain

By T. B. MILLAR

Chill overseas winds are blowing around the ears of the Australian Government, and they are coming from several directions at once. The Liberal Prime Minister of six months, Mr. William McMahon, while a man of long experience in the Cabinet, has only a somewhat slender hold on his party and an uncertain one on the country, has an untried Foreign Minister succeeding a barely-remembered one, and a bar of domestic and foreign problems.

Heading as he does a coalition government with the Country Party, Mr. McMahon (and still more his Country Party Deputy, Mr. Douglas Anthony) has felt compelled to say harsh things about the terms on which the British Conservative Government have agreed to enter the EEC, especially as they affect Australian primary exports. These complaints are by no means wholly spurious.

At the same time, it is being said in Australia that the country is reaping the effects of a trade policy carried out by Sir John McEwen which was effective, but (to quote one journalist) "for rather too long, rather too roughly, and the policies he was charged with pursuing took rather too little account of other countries' interests."

Instead of appreciating Britain's problems and intentions and coming to terms with them, Australia has tended to complain and to make demands on the board rather than to promote positive policies with calculated priorities. The British Government's action has come of course at a particularly unfortunate time for Australian farmers, with reduced international demand for wool, with China refusing to buy Australian wheat, and with the dairy industry staggering under the weight of its own accumulated inefficiencies and difficulties.

Britain is not yet in Europe, but most people in Australia feel it is only a matter of time. They find the economic arguments understandable but improbable. It is reasonable that Britain should wish to shape the political future of

Europe, but far more likely that Europe will in fact shape the foreign policy of Britain. It might have been different if Britain's negotiating position had been stronger. Australians may still draw some comfort from the situation if Western Europe becomes the promised "third force" in the world balance. Unfortunately, even if it does, it is not likely to be particularly interested in the Antipodes.

British entry (if it happens) will be the end of an era, but so were 1942 (Singapore) and 1961 (Commonwealth Immigrants Act) and 1966 (East of Suez retrenchment). This is the world. Australia will continue to draw migrants and capital from Britain, but will simply come to look on it more and more as a foreign country. Perhaps some Australians of British stock may be forgiven a little nostalgia, however their politicians may have served them.

Common desire

In and around the Malay peninsula, the two countries and New Zealand will continue to co-operate in defence arrangements with Malaysia and Singapore. The basis, now largely decided, is very different from the earlier, almost unconditional, British guarantees. Presumably the objectives of the three external States overlap in a common desire for internal political stability, and for keeping in friendly hands the strategic Singapore bases and their hinterland. The British have a special interest in protecting their extensive investment; the Australians in keeping a British naval presence in the Indian Ocean and a visible restraint on Malaysia's neighbours; the New Zealanders on working in with the British and the Australians. Blunt Australian speech towards Malaysia and Singapore has been part of a cooling in the relationship, reinforced by the two Asian States' desire to live on a somewhat different basis with China and the Soviet Union.

If hugging around them the

tatters of the British connection is giving Australians little warmth these days, the American umbrella has also revealed a few holes in its fabric. No one is talking about renegotiating the ANZUS Treaty (although Opposition leader Gough Whitlam might reinterpret it if he became Prime Minister). The Nixon doctrine of substantial disengagement from Asia has made Australia less important to the U.S. than it was—and it was never very important. Australian complaints over restrictions on imports of beef and lamb and on inflow of capital, have received a little but not much sympathy in Washington, where rural lobbies are thick on the ground. Over mutual air transport rights, Australia has been subjected to some plain old-fashioned Great Power arm-twisting, but hasn't helped its own cause by lagging behind in the air charter stakes.

Again, Australia has paid heavily for its gamble on the F-111 aircraft, ordered as an election gambit in 1963 and not yet delivered. If they are delivered, magnificent though they may be, the 24 Australian machines will be part of a handful produced and thus spare and replacements are likely to be difficult and costly. If they are not delivered, Australia will have subsidised American research and development to the extent of several hundred million unrecouped dollars.

At the official and Services level, relations between Australians and Americans are close and amiable, but this is not where major decisions are taken. Neither the White House nor the State Department proposes to engage in competitive escalation with the Russians in the Indian Ocean in order to calm Australian fears. The U.S. will make no advance public commitments to use the proposed new naval facilities at Cockburn Sound in Western Australia. It is well disposed to the Five-Power arrangements in Malaysia and Singapore but will offer no visible contribution or insurance. And over Vietnam, in the long run, Australian participation may not have

served Australian foreign policy as well as expected, in Washington, where some believe Australia has encouraged American follies and others that it has not pulled its weight.

On economic matters, Australia has pressed its points vociferously with the U.S. in foreign affairs it has preferred to be the good, largely un-demanding and uncritical low-profile ally, always in step. The result has been that when Washington has changed step or direction, Canberra has been caught floundering, somewhat aggrieved and confused. A little more independence and foresight would obviate this.

Changes in America's China policy have been signalled from Washington for the best part of a year, yet Australia clung to a rigid anti-Peking line long after America had discarded it. Only when the Labour Party leader, Mr. Whitlam, arranged a visit to Peking did Mr. McMahon take steps to open his own (as yet unfruitful) dialogue with the mainland Chinese. Political advantage drawn from what appeared as an unnecessarily complaisant performance by Mr. Whitlam in an interview with Chou En-lai was largely negated by the announcement of Mr. Nixon's proposed visit to Peking, negotiated by Dr. Kissinger during a stop-over concurrent with Mr. Whitlam's.

Australia has now indicated that it will not oppose the seating of the People's Republic in the UN, but will seek to avoid the exclusion of Taiwan. Mr. Whitlam has said that if he becomes Prime Minister (he is expected to be held before late 1972, but could come earlier) he will recognise Peking and visit China again. He was accompanied on his recent visit by the shadow Minister for Primary Industry, Dr. Rex Patterson, who has since spoken in rather more definite terms than his leader of the connection between China's failure to purchase Australian wheat last season and Australia's failure to give diplomatic support or recognition to Peking.

Largest market

Australians are becoming more and more aware of the importance and the uncertainties of their relations with the Japanese, and a three-day conference on this subject by the Australian Institute of International Affairs in June was packed out. Japan has been Australia's largest market for several years, and is expected to become an increasing source of investment funds. Mr. McMahon opened the Conference and announced that henceforth the Department of Foreign Affairs (and not the Department of Trade) would be primarily responsible for relations with Japan—a principle easier to assert than to establish.

Buoyed no doubt by its phenomenal economic progress Japan has been taking a harder line with Australia in negotiations, and has even bolstered diplomacy with a book about Australia written by its current ambassador to this country. What Japan seeks especially are long-term stable mineral contracts, easier access for its managerial and technical staff, and Australia's immigration restrictions; favourable terms for investment; and perhaps partnership with Australia (which has resources and is respectable) in joint projects in Southeast Asia. Australia, tempted to take the cash in hand and waive the rest of the implications, is still reluctant to facilitate Asian immigration, unduly, or to appear to gang up with the region's only other developed state against all the

undeveloped. Japanese defence and equipment policies are also causing some concern, despite official assurances.

Indonesia has now replaced India as the largest recipient, in absolute terms, of foreign aid. Papua-New Guinea, hurrying precariously towards independence, is a cloud bank near the horizon of Australian-Indonesian relations. Australia could hardly be said to have an integrated approach to the island territories of the South-west Pacific, most of which (but not New Guinea) have been financially profitable. It is reluctant to help Fiji with funds to buy out the Australian Colonial Sugar Refining Company, but it is prepared with New Zealand to support in a modest way proposals emanating from the territories for loose forms of regional association.

Springbok tour

The Springboks recently visited Australia, to the applause of the Rugby Union enthusiasts, the dismay of the Government and the disgust of the Opposition and anti-apartheid groups. They won every match easily. The demonstrators were vociferous, some were violent, but all were contained, and no matches were cancelled or stopped. To thwart trade union attempts to paralyse arrangements, the federal Government had RAAF aircraft available to transport the visitors, and the Queensland State Government declared a state of emergency.

Australian troops have already begun to leave Vietnam, and the rest are likely to follow before the next federal election. This will take most of the sting out of Labour's criticism on foreign policy. A Labour Government would find difficulty in quickly implementing its declared policy of force withdrawal from Malaysia and Singapore. It would have no sentiment about Taiwan, and would not issue visas to all-white South African sporting teams. Apart from these two items, the foreign policies, in practical terms, of the two sides—for reasons largely outside their control—are becoming less and less distinguishable.

Defence — (Cont'd.)

Continued from previous page

conceit, for Australia never had the power to demarcate its own front line in the region. The fact was that by an unusual and fortuitous coincidence for Australia, her two great and powerful friends, Britain and the U.S., did have the power and were demarcating a convenient front line which Australia could share—and at remarkably low cost.

The Labour Party's alternative was dubbed "fortress Australia." It was attacked as isolationist, selfish and dangerous by opponents. The point was that it would clearly demand stronger and more self-reliant forces (and policies), even though they were home-based, was lost in the contest of clichés.

Yet it was in this direction that Mr. Gorton's short-lived campaign in mid-year was headed.

Mr. Gorton emphasised that the strategic equilibrium in the Western Pacific and East Asia would depend heavily upon the emergence of a new and stable relationship between the U.S., the Soviet Union, China and Japan.

"In this situation of extensive but progressive change, Australia will continue to value, support and (particularly in regard to major threats) depend on its alliances. Our defence relationships with regional countries will not, however, remain static.

"There will be an increasing need to be able to act more independently than we have done in the past and to use our growing national resources, whether political, economic or military more selectively and effectively in support of our

friends in the region and of our own interests."

At about the same time, Mr. Gorton began to spell out some of the inescapable political consequences of the approach he advocated. "We now have a need to maintain in constant being a credible professional Army, Navy and Air Force capable of immediate action, and backed by Australian reserves and Australian industry... money is needed to achieve what is required. A very great deal of money is needed, considerably more than we are spending now," he said.

"So far we do not even have sufficient accommodation in Australia for such an Army," he added. And he could not see how a credible Army could be maintained without continuing selective conscription.

Even at the time, however, Mr. Gorton appeared to know that the chances of having the new concept adopted by the Government were remote. "We haven't got the sort of defence

forces with the capacities of which I've spoken," he said. "Building such forces will take time, effort and much argument. I'd sooner tell the people what we need for their defence and lose the next election than lose the next war."

Mr. Gorton's apparent fears were quickly shown to be well founded. He was overwhelmingly voted down at a special full-day meeting of the Cabinet during the budget preparations, with the result that the defence allocation for the current financial year allows for no more than a holding operation.

Although the actual defence vote is a record \$1,252m.—an increase of 10.3 per cent, or \$117m.—it will do no more than meet firm commitments.

In particular, long overdue wage rises for the services will eat up more than \$66m. A heavy delivery programme of equipment already ordered will more than account for the rest of the increase.

Only one day after the budget

Nervousness over Japanese trade

By HENRY SCOTT-STOKES

Australian trade with Japan economy. A general feeling was slowed down considerably. (has been increasing at a rapid rate during the last few years. debate between the industry leaders as to whether the s even if at a slightly reduced pace, and that the prospect was out of Japan would be in range of 140m. tons or 16 tons by 1975, with the medi size companies preferring larger figure, and the indu volume in Australia-Japan trade: one prediction was that by 1975 Australian exports to Japan might reach the level of \$1,800m. to \$2,200m. or roughly double the fiscal 1969-70 level.)

The largest item in Australian exports during this last fiscal year for which complete figures are available in Tokyo was "ores and scrap" which totalled \$328m. of which some \$242m. was iron ore. The runner-up was wool of which exports were valued at \$237m., and other large items in exports to Japan were coal (\$153m.) and wheat (\$50m.). On the import side the largest single item was motor vehicles (\$28m.) followed by iron and steel (\$23m.), and cotton fabrics (\$11.5m.). Thus the general pattern is one of Australian exports to Japan of raw materials, specifically ores, wool and coal, while Japanese exports to Australia consist of a great diversity of goods, including even iron and steel (which might be made from Australian ore, with Australian coal).

The main change in the latter part of the 1960s was the increase in Australian exports of ores, especially iron ore, while on the other hand, wool has declined, relatively, in importance. Between fiscal 1968-69 and fiscal 1969-70, ores and scrap became the most important export item in the Japanese trade for the first time, displacing wool: wool exports in fact declined slightly in value between these two years, while ores and scrap rose from \$215m. to \$328m. A second feature was a rapid rise in coal exports to Japan, also supplies for the rapidly growing steel industry.

The outlook for Australian Japan trade is reasonably bright. A revaluation of the yen by up to 10 per cent is felt unlikely to greatly affect the Japanese

Following the announcement of new American economic measures, including the 10 per cent import surcharge, Australians in Tokyo are a little more cautious in making predictions about the future of Japan's trade. One consideration is that Japanese exports to America might fall; and there is also concern about textile exports to the U.S. (including indirect exports via Hong Kong etc.). A further worry is that there might be a loss of confidence in the Japanese business community, and that the Japanese economy as a whole might suffer, leading to a decline in imports even.

Calm prevails

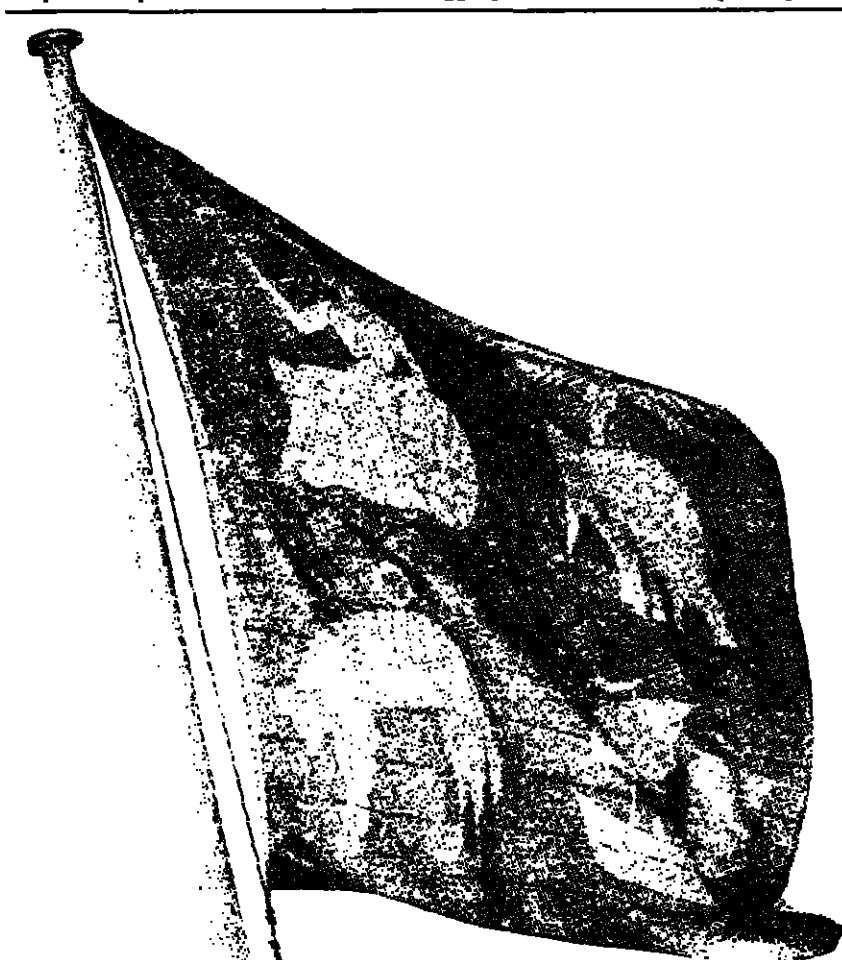
On the whole, however, calm counsels prevail. It is pointed out that less than 20 per cent of Japanese production of steel is exported, and that most Japanese steel is required at home. So far, the Japanese—though showing some tendency to panic—have not taken any rash actions; and the prospect is perhaps that the Japanese economy will continue to make progress. Thus overall Japanese demand for steel industry materials is not expected to decline sharply—up to this point.

The question is, however, whether the rapid rate of increase in exports to Japan of the last couple of years can be maintained. This may be doubtful, if one bears in mind that the Japanese steel industry has

do, as an urgent priority, determine how the U.S. Government will treat steel imports from now on; and the Japanese steel industry has already indicated its willingness to accept government - to govern agreement to control Japanese exports to America.

Australian suppliers will be watching the development talks between Japanese leaders and the Americans with interest, but their outcome is unpredictable.

It seems more likely, however that the forces have already gun their slide into what come to be regarded as a cy trough. When they finally be the climb out of it it seems tain to be the type of fut envisaged and articulated briefly by Mr. Gorton.



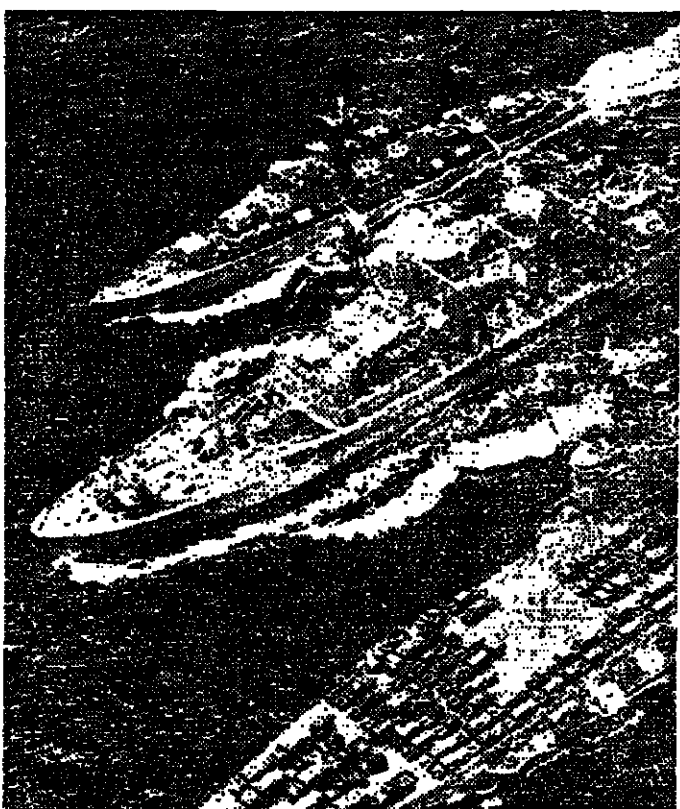
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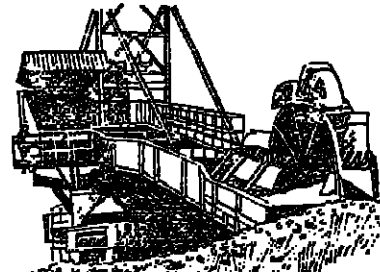
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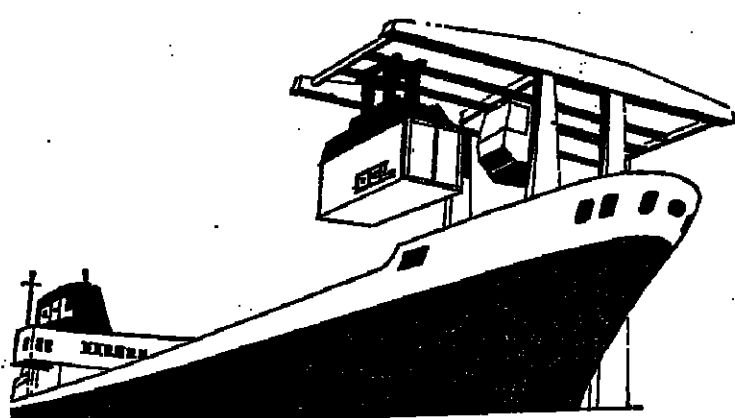
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AUSTRALIA VI

Adjustment continues in trade with U.K.

By MICHAEL SOUTHERN

This is not the year to be making any sort of predictions on the future of Anglo-Australian trade. The British relationship is no longer the dominant factor in Australian trade. Gone are the days when Britain supplied some 40 per cent of the Australian import requirement and took 30 per cent of exports. And the readjustments, which have been taking place over the last ten years, have been seriously impaired by the prospects of EEC membership, the current dollar situation and marked change in the Australian import requirement.

At the end of June, when the Australian financial year closed, the pattern of Britain as a supplier of 21 per cent of Australian imports had reassured itself for the third consecutive year. Australia imported goods worth \$4.150m. Last year, a rise of 6.9 per cent over 1969-1970's \$3.881m. The rate of increase, however, showed a last. It is a difficult one to mark drop from the pattern of 12 per cent that had evolved over the past two or three years. Britain's exports were worth \$887m., compared with \$945m. in the previous year. The rate of increase was 5 per cent. So, Market on British exports is not to stand still in this market, the British effort really has to show an average increase of some-thing between 5 and 10 per cent. The 1970-71 effort of 21.3 per cent of total Australian imports has not the British down on the 1969-70 total of 21.5, and shows quite a drop from the 21.8 of 1969-70.

By comparison, the Japanese last financial year pushed their exports to Australia up by 19.1 per cent, and the U.S. by 7.9 per cent. In some respects, by Europeans, the German and

Third best

Meanwhile, exports from Australia to the U.K. decreased, from \$478m. to \$474m., although Britain still ranks as Australia's third best customer after Japan, which bought to the value of \$1.178m. (\$1,016m. in 1969-70) and the U.S., with \$499m. (\$525m. in 1969-70). So Australian remained among the top half-dozen British customers and Britain the third best for Australian goods.

The question now is how much longer this pattern can increase, however, showed a last. It is a difficult one to predict, particularly as the new trade policy of the British Government does not appear to have been resolved following the dissolution of the BNEC and the effects of the Common

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love-hate relationship towards its big neighbour across the Tasman Sea, combining an admiration for the Australian spirit of independence and fighting qualities, which extend far beyond the common battlefields they have shared, to a distrust of the aggressiveness and suspicion of the brashness in the Australian character.

New Zealand has warmer feelings towards Australia than to any other country—with the possible exception of Britain, and whereas the bonds with Britain are rapidly weakening those with Australia are growing stronger; but there remains a certain wariness of Australia, with its bigger resources and strength. This extends to trade, but thanks to the efforts of those who have worked hard to make the New Zealand-Australia Free Trade Agreement—Nafta—a success, there has been a radical change in this area.

The past year or so has seen an almost complete turnaround in the general attitude towards Nafta by manufacturers and exporters on both sides of the Tasman.

Five years ago it was the New Zealanders who were cool in their attitude and who regarded Nafta with suspicion, amounting almost to hostility, as part of some slick Australian plot to take over the New Zealand market. To-day the reluctance to extend the agreement and fears of the advantages it might give to competitors comes almost entirely from the Australians.

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One result has been that New Zealand has played down some of its export successes and many items largely manufactured in New Zealand have lost their Kiwi identity by the addition of Australian finishing or packaging which has then put them on the market as Australian products.

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These results have grown with the confidence born of success as New Zealand exporters ventured at first rather timidly into the Australian market and found, somewhat to the surprise of many, that not only could they compete but that they could win profitable orders right in the Australian manufacturers' own backyard. As a result, and as a result of the incentive given to exporters by Nafta, the terms of trade between New Zealand and Australia have changed from 4 to 1 in Australia's favour to 2 1/2 to 1 in just a few years.

It is unlikely that New Zealand will ever achieve parity in trade with Australia—indeed, it does not expect to, but the trade balance is now much more in line than it was.

This in itself has made the Australian manufacturer more aware of the competitiveness of the New Zealand exporter, who sometimes suffers the backwash of the trade protection controversy going on in Australia. There have been times when the Australians, hitting out at imports of cheap Asian pro-

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One example of this was in Wellington boots and rubber working boots. Australian concern at the quantity of cheap rubber boots coming from Hong Kong and other Asian countries created a protective duty against all rubber boot imports with the result that better quality, dearer New Zealand boots were priced right off the market.

It is fair to say, however, that Government officials of both countries have worked strenuously to make Nafta work and have stood firm—often in the face of considerable pressure from small trade blocks—by the expressed desire and intent of Nafta to encourage and increase trade between the two Tasman partners. New Zealand manufacturers often feel that Australian resistance or objections towards New Zealand exports in a particular field are not justified in relation to the overall picture. Even on items where New Zealand has established a large volume of exports these supply only a proportion of the total Australian market.

Softgoods and clothing exports are substantial by New Zealand standards but fill only a small proportion of total Australian sales. One of the biggest single clothing items are ladies' blouses but far more enter Australia from the Philippines and Hong Kong.

There has been a move recently to rationalise export manufacturing between the two countries—particularly in the motor industry—to gain the obvious benefits of longer runs and greater mass production. New Zealand now supply several components for Australian cars. A recent deal swaps New Zealand refrigerators for Australian motor cars.

These, along with timber, carpets, paper, jam, vegetables, furniture, leather goods and

which exhibited in Melbourne recently and sold well.

The historical downturn in Britain's share of the Australian import market is not difficult to discern. For a start, the local tariff policy and industrial development were such that a lot of goods once imported are now being manufactured locally and the capital investment from British companies has at least ensured that these markets were not lost. Indeed, some companies have found that their investment in Australia has opened new markets in other South Pacific Basin countries. Secondly, the new suppliers have been able to make serious inroads into the once dominant British position with new products, new designs and cost advantages. Thirdly, there was, any more."

There are a few other points which need to be made. If this is an affluent country where personal income and social spending is increasing rapidly. Also, the industrial development in mining, oil manufacturing is going at with vigour. Thirdly, the British are in many areas creating bad reputations for themselves with slow deliveries, a casual feeling for this and an apparent lack of concern which is reflected in the increasing number of Australian exporters who complain that British have no relevance."

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for quite a long time, a fee that the Australian market look after itself, and the re was not so much a loss business but a failure to abreast of the local scene changing tastes.

Too casual

For all the efforts of diplomatic representatives, all the visits by trade Ministers, the simple fact remains this is a market which can be assessed by visiting it. It has been an increasing number of missions under British (erment aid programmes, those who come find themselves faced with only a short of cocktail parties and off functions and lots of time study the market and their contacts.

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New Zealand is moving closer

By DAI HAYWARD, New Zealand Correspondent

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One example of this was in Wellington boots and rubber working boots. Australian concern at the quantity of cheap rubber boots coming from Hong Kong and other Asian countries created a protective duty against all rubber boot imports with the result that better quality, dearer New Zealand boots were priced right off the market.

It is fair to say, however, that Government officials of both countries have worked strenuously to make Nafta work and have stood firm—often in the face of considerable pressure from small trade blocks—by the expressed desire and intent of Nafta to encourage and increase trade between the two Tasman partners. New Zealand manufacturers often feel that Australian resistance or objections towards New Zealand exports in a particular field are not justified in relation to the overall picture. Even on items where New Zealand has established a large volume of exports these supply only a proportion of the total Australian market.

Softgoods and clothing exports are substantial by New Zealand standards but fill only a small proportion of total Australian sales. One of the biggest single clothing items are ladies' blouses but far more enter Australia from the Philippines and Hong Kong.

There has been a move recently to rationalise export manufacturing between the two countries—particularly in the motor industry—to gain the obvious benefits of longer runs and greater mass production. New Zealand now supply several components for Australian cars. A recent deal swaps New Zealand refrigerators for Australian motor cars.

These, along with timber, carpets, paper, jam, vegetables, furniture, leather goods and

which exhibited in Melbourne recently and sold well.

The historical downturn in Britain's share of the Australian import market is not difficult to discern. For a start, the local tariff policy and industrial development were such that a lot of goods once imported are now being manufactured locally and the capital investment from British companies has at least ensured that these markets were not lost. Indeed, some companies have found that their investment in Australia has opened new markets in other South Pacific Basin countries. Secondly, the new suppliers have been able to make serious inroads into the once dominant British position with new products, new designs and cost advantages. Thirdly, there was, any more."

There are a few other points which need to be made. If this is an affluent country where personal income and social spending is increasing rapidly. Also, the industrial development in mining, oil manufacturing is going at with vigour. Thirdly, the British are in many areas creating bad reputations for themselves with slow deliveries, a casual feeling for this and an apparent lack of concern which is reflected in the increasing number of Australian exporters who complain that British have no relevance."

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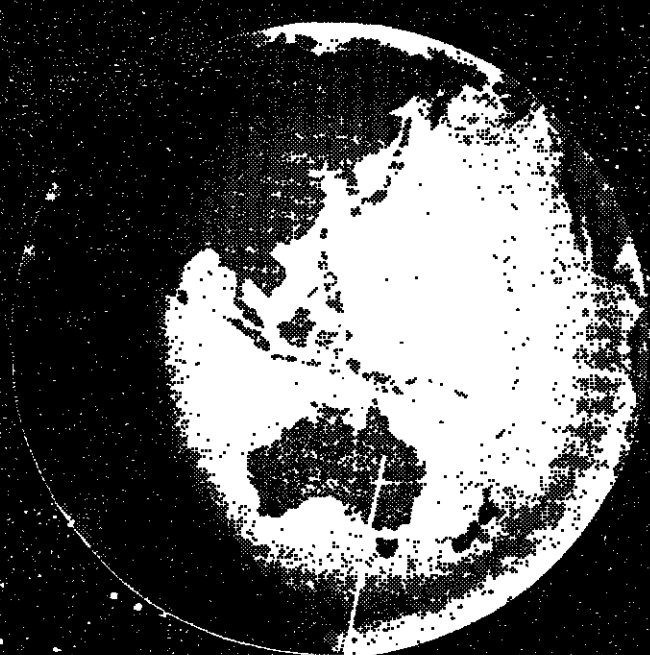
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AUSTRALIA VII

Trade and the EEC

by MICHAEL SOUTHERN

In the ten years that have passed since Britain first signalled her intention of joining the Common Market, a great deal of change has taken place in Australia. Half of the exports directed towards Britain have been diverted to other markets. Rural industries have been through drought, floods, inflation and (in some instances) lower prices—declined. The mineral developments have been over as the economic backbone of the country. In this time, too, Australia has seen radical changes in its pattern of trade with Japan becoming the major market, and the U.S. overtaking the U.K. in importance. So, now that Britain is preparing to become part of Europe, it is easily arguable that the impact on the Australian economy will be small.

There are the three industries in the rural sector which stand to suffer most—dairy, fruits and sugar. In the year-ended June, 1970, Australia's dairy exports totalled \$102m., for a total

export income of \$4131m. Of the dairy exports, the British took 44m. worth. Breaking the dairy figures down, one finds however that of the total butter exports Britain took two thirds. This represented 66,740 tons from a total production of 220,500 tons. Cheese production totalled 74,921 tons, of which the U.K. took 13,157 tons, or 21.8 per cent. In the eleven months to May of this year, with total exports running at a value of \$3,822m., butter's contribution was \$46m. and the U.K. share of that was \$29m. So, the dairy industry's contribution to the balance of payments works out at 0.24 per cent of total exports, and the U.K. market is worth just under half of that 0.24 per cent.

The fruit industry is even more dependent on the British market. In the 1969-70 year, its total contribution to exports was \$94m., of which the U.K. took half, and the EEC 10m. For the fruit men, the British entry is a serious matter.

Unlike the dairy industry, fruit has not opened up one significant market in the last decade, and no important contracts have been signed for the current year. There are few, if any, alternatives open to fruit producers. So, they can look only to lower cost, lower prices and, in turn, lower incomes as a solution. Where canned fruit now has free entry into the U.K. EEC entry by the British will involve application of a 22 per cent duty on peaches, plus 6 per cent duty on the sugar content of the syrup, this means that to maintain the present income levels, prices would have to rise by about half again. Dried fruit enjoys a 24 a ton preference which will be changed to a 6 per cent tariff once Britain enters the EEC. And the currently dominant place of Australian dried fruits in the EEC itself is not secure in that when fruit-producing members of the Community say they can meet the Community requirements, Australian fruits will be excluded.

The lack of new markets is not so much from want of trying, but lack of anywhere else to sell. Asians do not offer a

potential market—they simply could not afford to buy fresh or canned or dried Australian fruits. As for the Japanese market, the Financial Review recently noted that if the rate of increase in consumption continues at present levels for canned fruit, it would take 2,000 years to replace the U.K. outlets. And apples, grown for European tastes, have no appeal to Asians. Exports account for 80 per cent of Australia's dried fruit produce.

Sugar's problem is perhaps the saddest of the three. This is a highly efficient industry capable of supplying the whole EEC bloc at lower prices than it now pays, or will have to pay for beet sugar. It is becoming quite clear that if Britain enters the EEC, the sugar industry will, after the expiration of the Commonwealth Sugar Agreement in 1974, lose all of its 335,000 ton quota to the U.K. This, in 1969-70 was worth \$32m., or about 26.1 per cent of the total exports. Unlike other industries, the sugar men cannot simply go out to find other markets. They are regulated by international agreements. The U.S. market has been placed in jeopardy by the sale of harvesters to Cuba and the Japanese market of 600,000 tons a year, worth in cash \$36m., is not big enough to take up the slack.

Immediate financial problems it has not been as far-sighted as it could have over the last decade, knowing that Britain would try to resolve the social, human and political problems. One thing that has not changed is the attitude of Australian farmers that everyone in general and Britain in particular owes them a living and that they should be allowed to continue as farmers, be they economic or not, needed or not. While European farmers have had to adjust, in many cases be re-trained, the Australian farmers have done little and would not be receptive to direction of labour by a government.

In the sugar industry, more than 250,000 people living in the north of Queensland are dependent upon that 0.7 per cent of total Australian exports to which the White Paper referred, for their living. So too is a network of railways, airlines, townships and ports. The economic redevelopment of north Queensland is not fast enough to cope with any major unemployment that the reduction in sugar will bring. A switch to other forms of rural pursuits, such as cattle, presents problems because of the size of the holdings, and the fact that cattle-raising is not as labour intensive as sugar growing. And the prospects of manufacturers putting plants in this area are small: transport costs are high and any manufacturer of consumer goods needs to be near his market.

In the dairy industry, there are 55,000 farmers, their families, the milk processing factories and the towns that have sprung up to service them, facing serious problems. They do have alternatives and some have already made the switch towards beef. As rising costs take over, many have walked off. Of those who remain, a third earn less than \$41,000 a year, and 55 per cent earn less than \$42,000 a year. They are in poverty, and this poverty will be heightened with the loss of the U.K. market. So far, the Australian Government has failed to produce any satisfactory alternative of next year.

But there are other areas of concern. One is immigration. During the last 20 years, Australia has absorbed 2m. migrant workers without any effect on its employment situation. Indeed, these workers have been of considerable economic importance in that they have brought skill, knowledge and the man-power to allow this country to develop at a much faster rate than it could have without them. But now, with a free movement of people possible within an enlarged Europe, and living standards rising quickly, it is thought feasible that those who once sought to come to Australia may simply move around the EEC for jobs—Italians to Britain, Britons to other member countries with a shortage of labour, such as Germany. This could lead to a serious downturn in the quality of immigration, and, in turn, a slowdown in economic growth.

More important too is the question of capital inflow. It is widely expected that once Britain joins the EEC there will be an immediate diversion of capital funds from Australia into European projects. In the year to March last, net apparent capital inflow into Australia totalled \$1,400m. April and May both ran at well over \$350m. each. A lot of it was retained earnings. How serious this situation will be is still academic—bankers, economists and Government are simply waiting for the slowdown, and hoping that it will be a short-term measure. Others are taking a more optimistic view that London, as the financial centre of a Europe in which money can move freely between countries, will be diverting some of the excess European capital into Australia.

There has not yet been any indication of possible alternative action for this country if Britain does go in (and there are still some who constantly note that Britain is not there yet). But it is clear that Australia will soon have to find a trading bloc that it can work with.

Hope for wool

Wool is again another story. It has suffered so much that the EEC can do little but good. In any case, the Common Market has no common policy for wool. Wool has become a symbol of affluence in a consumer society and rather than decline, one can only see hope for this currently devastated industry.

The meat industry also stands to gain. There are estimates circulating in Australia which show that the affluent society of the EEC will have a shortfall in meat production of at least 1m. tons a year—a shortfall Australia can supply. There will not be a great deal of worry in this field if Britain joins the EEC, except among the prime lamb producers who are already in serious financial trouble. Britain takes only 8 per cent of total beef and veal exports, and 3 per cent of mutton. Lamb is another story. Britain takes 40 per cent of the 40,000 tons exported, and as such is the biggest single outlet. This represents 5 per cent of total lamb output.

In the rural sector, exports worth a total of \$4229m. are at stake. These are the important influences on political thinking. There is an election some time between now and the end of next year.

But there are other areas of

No clear line on U.S. alliance

by GEOFFREY FAIRBAIRN

It is now just over 30 years since Mr. R. G. Menzies (as he was) began to make determined overtures, in terms of a military alliance, to what he called the "great and kindly power" across the Pacific. It is only a few months less than 30 years since he got to be called a "full-blooded jangle" with the U.S.

The Japanese seizure of the island bases in the South-West Pacific, along with the raid on Pearl Harbour on December 7, 1941, were alone responsible for the forging of an alliance. Australia had been a strategically vital base in the U.S. counter-attack. But in the years the hard facts of that peculiar situation have been obscured by what has been represented as not only a special relationship, but a Special Relationship, and so the argument has been run—on a peculiar affinity between the two peoples.

This notion was reinforced by the ANZUS Treaty of 1951. The indolent description of the alliance offered by its chief Australian architect, Sir Percy Spender, would have been followed so quickly the great (and probably still is) accepted by the majority of Australians over 30 years of its existence. "It is a Treaty which endures, while it endures, the effective shield of the mightiest power in the world, against armed attack upon our country matter from what nation armed attack might come."

Australian foreign policy thus came a branch of Australian-American relations as far as Asia concerned, just as Australia's foreign policy up to 1941 had simply been a branch of British relations. As the distinguished Australian commentator, Mr. Bruce Grant, has said, the policy has long been to maximise Australian dependence, first on Britain and lately the U.S. The more honourable and old-fashioned Liberal leaders have come to ally to attach the word "valley" to American-Australian relations.

such facilities, their general desirability for the Australian national interest has not been effectively contested so far as the public at large are concerned. It seems rather that many Australians have taken comfort in a belief that these installations, which are very important to the American world defence system, make Australia indispensable to the U.S., without being concerned about the fact that such indispensability would make Australia involved if the U.S. were subjected to nuclear attack. However, as the infirmities of the new American stance become more clear—not least in Washington's desperate efforts to extricate its stricken army from Vietnam before it disintegrates—then these American strategic facilities might well become the subject of next year's "protest movement."

What is truly crucial in Australian-American relations at the present time are the growing doubts about the stability of the U.S. itself. Here, the financial and the economic measures taken recently by the U.S. under, would have been followed so quickly the great volte face in that country's Asian stance, are very disquieting, despite the fact that the consequences remain uncertain. As a result of U.S. capital inflow providing some 10-15 per cent of Australia's invested funds in recent years—and as a result of special long-term U.S. credits which absorbed defence expenditure from having to absorb too large a part of that capital inflow—Australians have, in the words of the financier, Sir Ian Potter, "assumed a highly optimistic attitude towards their future."

It appears that capital inflow is not so far threatened by President Nixon's stringency, and it has been this inflow that has offset the current deficits. "In effect," as a financial journalist has put it, "Australia is financing her payments for shipping, and the interest and profits on foreign-owned investment by selling still more and more of her land and industry to foreigners." The dollar crisis, clouded as the mysteries of international finance are to most Australians, has already clearly added to the great Australian loneliness that is just beginning to afflict the country.

It is beginning to be dimly realised on a wide front that Australia just does not have great and powerful—and dependable—friends anywhere in the world. There will doubtless be hopes placed next, in some quarters, upon Australia's best customer and the natural counterweight to China in South-East Asia. But in the foreseeable future, considering En-lai, who carefully Asia in strategic terms, Japan will remain to some extent a prisoner of the U.S. for one simple reason: the utter exposure of its small islands to nuclear holocaust.

It is perhaps reasonable to suppose that within a decade this relationship will have dramatically changed, that within that time Japan will have come to play a major military role. In the meantime prudence would demand of Australia a determined defence policy which would enable Australia, as it was put by the recently deposed Defence Minister, Mr. John Gorton, to extend "our frontiers to the shorelines of other countries, from which we may be attacked."

However, it does not seem that the present Government could embark upon, let alone sustain, such a policy. Nor is it any longer really very likely that the public will permit this option, even if it had the will. Liberal governments have for more than two decades represented themselves, probably not altogether spuriously, as alone fitted to sustain the Australian-American alliance, as conceived in the old terms.

Mr. McMahon's present distastes for Australian tradition and in no way as a statesman in his own right, stems from the fact that the argument about the control of

Economic argument

But in each of these industries, the economic argument is secondary. The Australian economy is big enough and healthy enough to cope with the

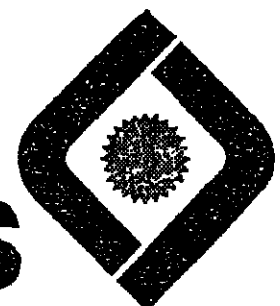
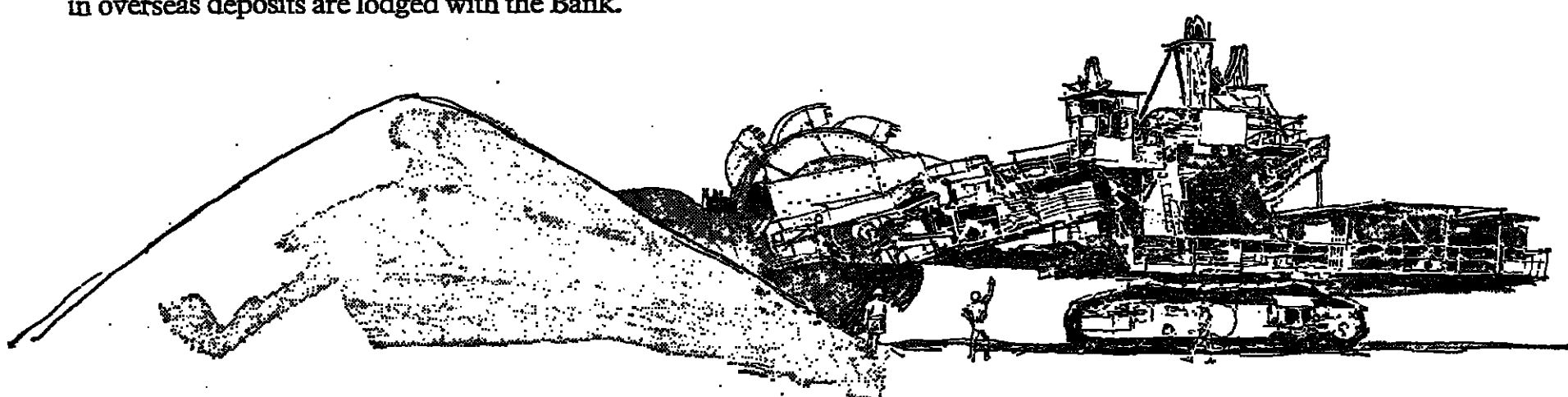
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Peking gaucheries

In a context so redolent of nationalism, so bereft of any apt of very particular national interests, the lot of the Minister, Mr. McMahon, not recently been a happy one. Despite the somewhat in his performance in the House of the Opposition leader, Whitlam, in which he tried to go out of his way to insult a member of Australia's neighbours, including its best customer and the natural counterweight to China in South-East Asia. But in the considerably able man, Mr. McMahon, who carefully Asia in strategic terms, Japan will remain to some extent a prisoner of the U.S. for one simple reason: the utter exposure of its small islands to nuclear holocaust.

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to dwell on such matters is to miss the point, which relates not to expertise or to the deeply embedded, yet altogether conscious assumptions about the nature of Australian-American relations in the straitfield. In this regard, the ties offered on Australian tradition and in no way as a U.S. nuclear weapons man is of interest. Though has been debate in the argument about the control of

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AUSTRALIA VIII

On this and the next page, a look is taken at the structure of the capital market with articles on the securities market and banking.

Stock Exchange boom has suddenly turned sour

By LESLIE CARLYON

AFTER the pleasure, the pain. The degeneration of Australia's torrid share boom has brought turmoil to the securities industry—an industry which just two years ago bubbled out optimism like some eternal spring.

The turmoil is compounded of three related elements. First, there is the collapse of the speculative share boom itself. Second, there is the recession this collapse has brought to the broking business. Third, there are the ethical problems of the broking industry. The market collapse brought much moralising, a little witch-hunting, a spate of Government inquiries, and much criticism—most of it justified—of the way Australian stock exchanges are run.

The tinselly wand of the mining boom transformed Australia's exchanges. Turnovers soared: between 1966 and 1970 the annual turnover in mining scrip on the Melbourne Exchange rose from 40m. to 1,122m. shares. The public, mesmerised by the huge capital gains made in stocks like Western Mining, crowded back into the market. Brokers found themselves dealing with gullible and inexperienced clients, and institutional business suddenly became relatively unimportant. And there was a new force pushing share prices up and feeding that eternal spring: foreign portfolio buying, mainly from Britain. In the decade to 1969, foreign share purchases totalled \$4778m. Half of this came in the two years to 1969.

Share turnovers

What a convulsion when this wonder world began to disintegrate. It began to collapse early last year when the Tasminex myth exploded. Tasminex shares raced to better than £40 on the London Exchange on talk that the company (a small-scale explorer) had uncovered a huge nickel deposit. It was soon clear that the company had found little to justify a share price of £1—let alone £40.

The trauma which began with the incredible Tasminex has been long and conclusive. Share turnovers, for instance, have fallen spectacularly. In January, 1970 (the top of the boom) the value of oil and mining dealings on the Sydney Stock Exchange was \$A233m. In January this year it was \$A34m. Confidence in mining issues was soon in tatters; indeed the names of the wilder speculations have become dirty words. There are now few speculative mining floats—for the impeccable reason that no one wants them (at the height of the boom up to a dozen floats would be announced in a week). In any case, tougher stock exchange listing rules have deterred the promoters who so skilfully exploited the boom mentality.

The inflow of foreign portfolio money, which once underwrote a boom, has become a trickle. British investors are disenchanted, and who can blame them? There may be a small inflow from Japan later in the year, but no one is excited by the prospect.

In other words, no one expects the boom to spring up magically from some dormant ember. There are just too many factors against this happening. For long it was argued that "another Poseidon"—another great nickel discovery—could resuscitate the boom. No more. The last ember, it seems, has already been extinguished.

All this has spelt recession for the brokers, and austere times for other sections of the securities industry. Unit Trusts are having difficulty attracting customers as are the professional advisory firms. There is less business for the dozens of merchant banks which sprung up during the boom.

The fall-off in broking business has meant that most Sydney and Melbourne brokers are now on losses. Eight broking houses—three in Melbourne, two in Sydney, two in Adelaide and one in the provincial city of Ballarat—have collapsed. One Sydney broker has been quoted as saying that it costs his firm \$A5,000 a day to open its doors.

Many brokers are now worried about the cost of trappings they acquired during the boom—trappings like sumptuous offices in high-rental skyscrapers, highly paid researchers, branch offices here and there. Many firms have been forced to sack. At the peak of the boom there were about 5,000 people working in the Sydney broking industry; now it employs about 2,500. There have already been several broking mergers; more seem inevitable.

For brokers, all the financial agonies of the recession have been aggravated by mental agonising about how—it is no longer a question of "if"—the exchanges should reform themselves, and how much they should submit to outside con-

trol. The attacks on the traditions of the industry have been so severe, so persistent, that it has begun to nurture a siege mentality. And while it is true that the exchanges have spewed out some reaction, there has already been more reform, more talk of reform, more radicalism, within the industry than for the whole of the previous decade.

Brokers blamed

There is now resignation that the charmed old world society of share broking is becoming irrelevant. It is no longer a defence to maintain that "we are all good chaps." It is a time of bewilderment and cynicism among brokers.

The small arms fire against the industry has come from a public disenchanted with the share market and inclined to blame brokers for their own follies. A Senate committee, set up after the Tasminex affair to investigate the industry and how it should be controlled, has fired most of the howitzers. Its aim has been uncanny. The Senate committee has been piling up evidence all year, layer on fateful layer.

It has established that the broking industry has enormous difficulty regulating its own members, let alone listed companies, that exchange hierarchies gave little thought to practices like short selling, brokers dealings as principals and brokers sitting on Boards of public companies. It has exposed the differences in style and philosophies between the six mainland exchanges. Perhaps most damning of all, the committee has found that exchange executives have no clear portrait of their own industry—and therefore cannot be certain of its stability, its efficiency, or whether it is being run in the public interest.

The Senate inquiry, while producing a few self-interested yelps, has had a salutary effect. It has encouraged unification in the industry. The exchanges have recently announced plans for a national stock exchange with a permanent full-time



A hectic time at the Sydney Stock Exchange.

president. This should sweep much of the parochialism from the industry from the Senate committee should, at worst, enlighten the debate on how the exchanges. Responsible exchange spokesmen now admit securities business should be policed. The increased use of their regulatory machinery, computers should encourage the tendency towards a national share market and strengthen the case for national regulation.

Looking ahead, one can see brighter times. With sanity returning to the share markets there are signs that "value" side? Who should exercise this might be returning to prices. The definitive portrait of the ment? Six State Governments? so simple.

What sort of share markets we want? These are the questions the industry will be debating over the next year.

Oh, for the days when Poseidon shares were £11 when nickel was king, when Western Australia was thought to be just one great nickel province, and much of Australia's mining was done vicariously through the public galleries of the exchanges. Everything seems so simple.

Strong currency position

By KENNETH DAVIDSON

Until Japan's surprise decision to let the yen float, Australian monetary authorities in the Reserve Bank and the Treasury were "sitting on their hands" in the international currency crisis precipitated by the Nixon Administration.

If the yen settles around an effective 10 per cent. revaluation however, there is expected to be pressure on the Australian Government for an upward movement of the Australian dollar by 6 to 7 per cent. against the U.S. dollar compared with the pre-currency crisis parity.

With the yen up against the U.S. dollar, a 6 to 7 per cent. revaluation of the Australian dollar would be the minimum necessary to convince the rest of the world that Australia was on a realistic new parity without the prospect of a further revaluation at some time in the near future.

Embarrassing rate

There is a need for an appreciation of the Australian dollar, not only because of the potential pressures of a flow of "hot" money from overseas (and indeed to deal with the present level of capital inflow which is already on the high side) but also to ease domestic inflationary pressures.

So far this year the rate of increase in Australia's international reserves have been embarrassing and clearly Australia has been moving towards a situation where it would be clear to the rest of the world that the Australian dollar is undervalued.

In one sense the present instability in currency parities is to Australia's advantage. It will provide an impetus for a revaluation which, it could be argued, should have taken place in any case but which was unlikely due to the pressure of exporting interests and protectionist manufacturers who still have influence within the Country Party segment of the coalition Government.

Assuming that Australia does revalue by 6 to 7 per cent. then

it is likely that the balance of payments forecasts for 1971-72 will have to be revised downwards. It is less likely that Australia's international reserves will make anything like the spectacular gains of the last financial year.

In the monetary sense stability in Australia's reserves would be welcome.

Prior to the U.S. announcement of the 10 per cent. surcharge it was expected that Australia's current account balance would contract even further in the current year. Probably the best assumption which can be made now is that the current account deficit will be about \$900m. which was the level in 1970-71. The main reason for this assumption is the belief that the ultimate aim of the U.S. Administration is to choke off Japanese exports by fair means or foul. Both the yen rising substantially against the dollar or the surcharge remaining on, would mean the growth in Japanese exports to the U.S. would be slowed down. This will in turn slow down the growth of Australian raw material exports to the U.S.

The impact of the currency changes on other competitors in the Japanese market against Australia must also be considered. Although a 6-7 per cent. revaluation by Australia compared with a 10 per cent. Japanese revaluation is effectively a devaluation of the Australian dollar against the yen, it is unlikely that countries such as Brazil, South Africa and India—which all supply raw materials in competition with Australia—would revalue to the same extent as Australia. By comparison to Australia these countries all have balance of payments problems.

New Zealand is in fundamental balance of payments disequilibrium and it is unlikely that it would upvalue its currency against the U.S. dollar more than necessary to maintain parity with sterling. Again this will tend to give New Zealand exporters to Australia a further edge and

Continued on next page



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AUSTRALIA IX

Local banks battling against overseas competition

By DESMOND KEEGAN

The trading banks have learned to live with their diminished direct roles in the Australian financial world but they have yet to prove they can compete effectively with the flood of foreign financiers now hanging out shingles.

The banks have diversified a lot because the traditional end of the scene has been frozen into a pre-war lending profile by monetary policies designed to contain inflation and counter balance-of-payments crises. And so far the banks have competed effectively with each other in consumer instalment credit and various other fields around the fringes of conventional banking activities.

But, a recent influx of "merchant" and "venture" banks has changed about 70 new competitors following varying strength and reputations to the financial structure. The dramatic upsurge in effective competition should be a healthy sign for Australia. But it has also shocked the old trading banks which have not had too much recent competition in the past.

For the first time Australian financial houses are being compelled to compete at home with big, wealthy and vastly experienced foreign merchant banks. Unfortunately the banks are entering the fray with the added handicap of huge cheap loans in the rural sector made to comply with politically motivated Government fiat.

Many of the newcomers are linked with the genuine merchant banking houses of London (Hambros Bank, Samuel Montague and Co., J. Henry Schroder Wagg and Co., Lehman Bros., Hill, Samuel and Co., N. M. Rothschild and Sons, Baring Bros and Co., Cater Ryder and Co., The Chartered Bank, Kleinwort Benson and E. D. Sassoon and Co.). There are many other British houses involved.

Other arrivals bear U.S. names such as Philadelphia National Bank, Crocker Citizens' National Bank, Irving Trust Company, Morgan Guarantee Trust Company, Chase Man-

hattan Bank, Continental Illinois National Bank and Trust Company, Manufacturers Hanover Trust, Chemical Bank, United California Bank, Wells Fargo Bank, Bankers Trust Company, Marine Midland Bank, Bank of America, First National City Bank.

There are also many other strong financial houses being established by companies in France, Germany, Switzerland, Japan, Holland, Italy, Belgium, Canada and Hong Kong.

The arrival of these world-famous names coincide with Australia's elevation to the top few world raw material sources. And, obviously, exploration, development, processing, shipping and insurance in the raw material world calls for vast capital infusions and generates extensive needs in banking and allied service fields.

Medium-term loans

Many of the new financial institutions are both capital mobilisers and sources of management skills. These newcomers should find the medium-term loan demand field very easy to contest with the incumbent trading banks. The major trading banks have generally ignored longer-term loans in favour of providing working funds on overdraft facilities.

Many of the newer financial institutions might prefer longer-term loan currencies combined with equity stakes. They are generally not welcomed by the Australian banking establishment which has extensively advertised the "free enterprise banking system" but preferred the club atmosphere in practice. Mr. Lang Hancock, who hawked the Pilbara iron fields around unsuccessfully for years, and other raw material project developers (Robe River Iron... Admiralty Gulf bauxite) could attest to the lack of venture capital in Australia. The Australian banks reply with a first plea for the Government to dismantle some of its restrictions so that trading banks can expand in their

normal role rather than in fringe areas.

They say, too, that they have taken a great role in Australian development through the Australian Development Resources Bank which has raised about \$400m. for projects involving loans ranging from \$500,000 to \$60m.

The ADRB is owned by the trading banks, backed by a couple of state trading banks and the Reserve Bank and operated under a Commonwealth Government Act. It is founded on the need to step around some of the monetary policy restraints and a desire to take a stake in the country's development. It has proved a suitable vehicle to take some stake in the country's development while still enabling the banks to provide a flow of funds to personal and commercial borrowers.

At base the trading banks feel that the Federal Government is compounding its economic management problems by letting the fringe bankers expand in areas outside the present control of the monetary authorities. And the major local trading banks (only the British-owned ANZ Banking Group, is foreign) clearly resent overseas affiliated bankers and financiers entering the profitable and uncontrolled end of Australian fringe finance.

The banks claim (without much proof) that there is little scope for the substitution of additional financing as an alternative to the expansion of Australian banks because the country has a sound stock of foreign currency. But this is debatable because Australia's splendid stock of foreign exchange is founded on capital inflow. Australia pays its way on merchandise trade but its net invisibles run around \$1,000m. a year in the red. The gap is bridged so far by retained corporate earnings, borrowings and other capital inflow.

So the Australian banks are arguing on slender grounds in suggesting that the country can get along without the additional financing provided by the foreign banks. Until the great

upsurge in mineral exports forecast for the mid-1970s Australia might be on safer ground to accept most available funds.

The big thrust into fringe banking by the foreigners is typified by the August link between Mellon National Bank and Trust Company of Pittsburgh and the Little Australian company, Network Finance. Mellon is taking a 17 per cent stake in the equity capital of Network Finance and the U.S. group has the option to take another 3 per cent. Network also issued convertible notes to the Mellon Bank which, after the exercise of the options, would give Mellon Bank a 25 per cent stake in Network Finance. Hooker Corporation has 25 per cent, Fidelity International Corporation 7 per cent, the Prudential Assurance Company of the U.K. 5 per cent, and the Australian public 38 per cent.

Network Finance presently gears its borrowings in a two-to-one ratio with its shareholders' funds. With the backing of the wealthy Mellon group the gear is expected to rise to about five-to-one. That's the stuff that expansion is made of and that's also the thing the trading banks have opposed, especially the foreign link.

Hire purchase

The trading banks have cashed in on the fringe banking by taking up large equities in major hire purchase financiers. And the hire purchase financiers have had good trading over the past year so the banks have been able to maintain their own profits in something like an acceptable growth pattern.

Alliance Holdings has lifted net profit by 17 per cent in the latest financial year with others (Custom Credit and Associated Securities Ltd.) running about 30 per cent, ahead of the previous corresponding period.

But the real challenge to the major trading banks probably lies in their own bailiwick in conventional banking activities developed a century ago. The Mineral Securities (MINSEC) crash put paid to the casual on-the-spot short-term money market and sent operators scurrying back to first-class paper. The major trading banks were sought after with a heavy demand for bank-endorsed commercial bills in the 90-day, 120-day and 180-day maturity range.

The bank-endorsed bill market grew to great size in the wake of MINSEC and some fine money market operators suggested that the banks could simply bring the unofficial money market back in their control if they so choose. The banks may not wish to develop the endorsed bill side of finance all that much but somebody will because the commercial bill market is growing and its pace is rapid.

Another area where the banks



The Bank of New South Wales, Sydney.

could grow is in the longer-term end of the capital structure where advice and expertise is also attached. The banks have traditionally not been geared to offer commercial and assessment facilities attached to the medium-term loans.

The monolithic structure of the Australian branch banking system has virtually strangled the assessment function of banking which has tended to train managers more in the public service mould than in the capitalist venture strain.

But this is not so with the newcomers from the merchant and venture banking scene. They can assess a project and they will provide funds attached

to equity gauged by their own experts and backed with big money.

The major Australian trading banks are protected to a great extent because foreign banks cannot get a licence to operate in this country. But, depending on their initiative, great expansion is to be had and profits should sit on a steadily ascending line during the 1970s. The shock effect of the incoming foreign banks could startle the Australian banks into some imaginative and dynamic initiatives. Indeed, there are signs that the banks will end this decade with some of the prime mover qualities they had several generations ago.

Strong currency position

— (Cont'd.)

Continued from previous page

at the same time make it more difficult for Australian manufacturers in Australia's most important export market for manufactures.

Unfortunately, most of Australia's long-term iron-ore contracts with Japan have been signed in terms of U.S. dollars. To the extent that Australia revalues against the U.S. dollar this will slash export revenue by the extent of the revaluation. However, this will be offset to some extent as the borrowings to finance this development has also been written in terms of U.S. dollars.

Geographical basis

In general of course, a revaluation of the Australian dollar would tend to benefit Australian exporters by slowing down the pressure on costs. And the price effects of changes in currency parities can be overemphasised in assessing the impact they will have on Australian exports. In the age of the multi-national corporation world markets tend to be split up on a geographical basis and changes are unlikely to occur simply because of relatively marginal price changes as a result of parity changes in currencies.

The parity changes are likely to have a far larger impact on capital movements. Speculative movements apart, the net result of an appreciation of the major currencies against the dollar will encourage investment in the U.S. On balance, the

Nixon package is likely to have an inflationary impact on the domestic U.S. economy. This will tend to make investment in the U.S. relatively more attractive leaving less funds available for investment abroad as imports become less competitive with domestic products and export markets become more profitable.

As the U.S. provides around half Australia's foreign investment funds there can be expected to be a falling off of funds from this source and from the Euro-dollar market.

However, the net apparent private capital inflow last year was almost twice the amount needed to finance Australia's current account deficit. It would be difficult to imagine a situation where the capital inflow fell away to the point where it was not sufficient to cover the current account deficit.

Strong reserves

Although there are numerous unknowns in the current currency crisis which have not even begun to be resolved it is difficult to see Australia's international reserves being eroded. And even if they were, at \$2,300m., Australia could more than stand the strain without making fundamental policy changes affecting the domestic economy.

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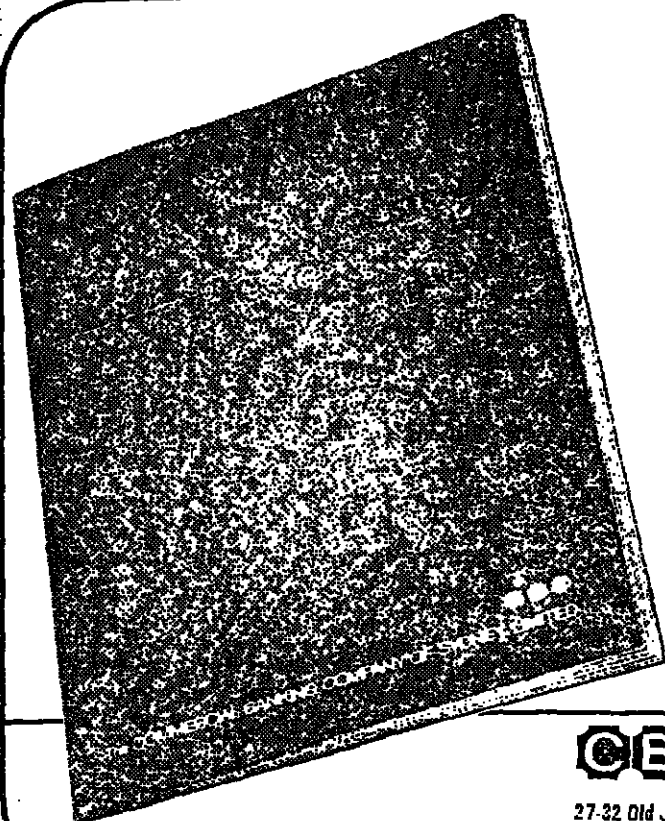
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AUSTRALIA X

The past decade has seen the emergence of mining as a dominant sector in the economy. Articles on pages X to XIII analyse the fortunes of the major minerals.

Miners look for new markets

By LESLIE PARKER, Mining Editor

Just as a quarry for Japan, that already expanded to just over \$1,000m. by 1969-70 could more than triple by the latter part of the present decade, an official projection that could prove conservative, based as it is on information available up to June, 1970, and on firm contracts and known industry commitments as at January 1 of that year.

The backbone of it all, the iron-ore industry, has been built up in a quite spectacular way. It all stemmed from the lifting of the embargo on exports of iron-ore back in 1960. This opened the way for huge contracts to be made with Japan's rapidly expanding and raw material hungry steel industry. In turn the Australian Government's decision to lift the embargo was based on the realisation that the iron-ore deposits of the Pilbara district of Western Australia were so vast—some of the largest have yet to be exploited—that they went far beyond the requirements of the domestic iron and steel industry.

Worked out

They always bear in mind the one stark and indisputable fact that the products of the world's second largest industry are constantly becoming worked out and that their replacement by new discoveries is absolutely vital if life itself as we know it is to be sustained.

Australia is thus still entitled to look forward to an era of expanding prosperity for its mineral industry based on the many discoveries already made as the result of a large and growing exploration programme that has now been in progress for some 15 years. The importance of these finds—and there should be more to come in this vast continent—should not be obscured by the scandals and collapses that have beset the stock markets both during and after the two great boom periods and the loss of credibility that has unfortunately been fostered by various wild or unwise statements by over-enthusiastic managements.

The fact remains that the export income from the minerals industry which had

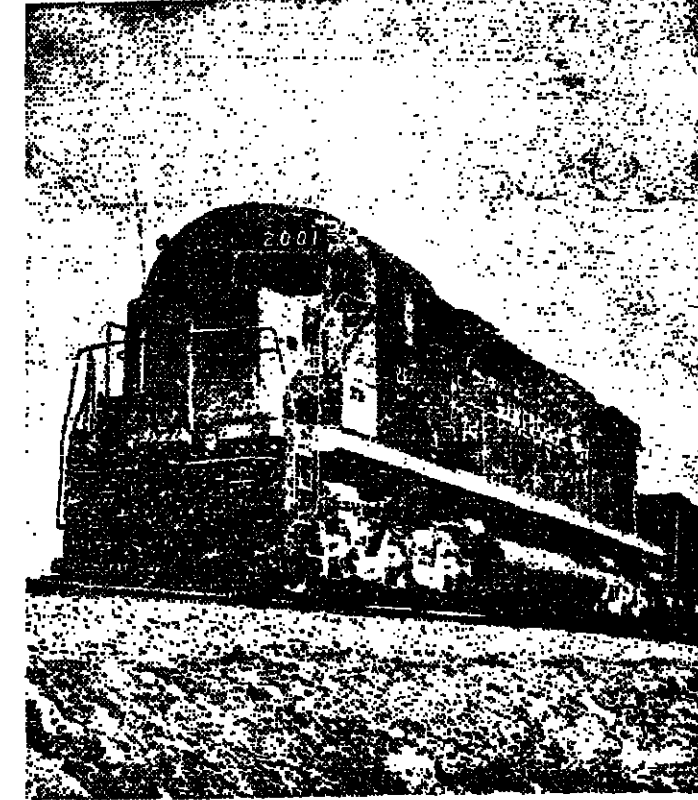
expansion of the domestic industry, it is unlikely to require more than 20 per cent. of iron ore output, which will thus remain very much of an export exercise.

In the circumstances brought about by the recent U.S. moves in defence of the dollar and their possible effect on the Japanese economy the industry will obviously have to keep its fingers crossed. While further growth undoubtedly lies ahead it must, of course, be borne in mind that an export expansion the speed of which has transcended that of any other Australian commodity will in any case have to slow down after the breakneck pace of the past four years.

Bauxite finds

Following hard on the heels of iron ore in the Australian minerals spectrum has come the rapidly growing aluminium industry. True, it was as long ago as 1955 when aluminium as such was first produced at Bell Bay in Tasmania. But it was not until the '60s that the country became an exporter based on the huge bauxite finds made at Weipa in northern Queensland and elsewhere.

Thus production of bauxite, the raw material from which alumina and finally aluminium



Hamersley ore train in the Pilbara.

are fabricated, soared from a mere 69,435 tons in 1960 to more 7,796,000 tons in 1969. Output of alumina in the same period rose from 29,801 to 1,901,000 tons and of aluminium from 11,665 to 124,423 tons. Although there is now a considerable export element in the situation, it should not be overlooked that domestic demand for aluminium products has been growing strongly.

Australia's strength as a source of bauxite lies in the fact that the deposits are simple to mine and are generally within easy reach of the coast. The main ones are at Weipa in the northern Territory and in the Kimberley district and the Darling Range areas of Western Australia. Total ore reserves could be approaching 4,000m. tons. The scope for

expansion is, in fact, virtually limitless providing the market can be found. Integration is the keynote of this particular industry, with ambitious plans for expansion in the production of both alumina which in particular will be quit highly export-orientated, and aluminium, which is likely to have much less importance in this respect.

It has been estimated that production of bauxite by 1970 could top 25m. tons per annum of which around half could be exported, whereas between 8 and 90 per cent. of anticipated alumina output may be on the export list. The percentage for aluminium itself might be as low as 30 per cent.

Playing a major part on the alumina side of the industry is the Gladstone plant on the

Continued on next page.

Iron ore industry meets political trouble

By DON LIPSCOMBE, Perth Correspondent

The iron ore industry, after having been a story of unfeigned success during its first decade, has bogged down during the past six months in a political mire. Mr. Lang Hancock, whose discoveries in 1952 triggered the iron ore boom that has had such profound effects on the national economy, is the key personality in this. And in his desire to graduate from being the man who earns royalties—an estimated \$44m. worth on current finds—to a mine-owner and possible steel producer, he has thrown a spanner into the industry's transition to its second phase.

In its first phase, the Pilbara industry involved mining of direct shipping ore by Goldsworthy, Hamersley, Mt. Newman and, before the end of next year, by the Robe River venture (after a prolonged series of setbacks culminating with the collapse of Mineral Securities, which was to have been the financial key to the Australian end of the operation). Next in line stood Hanwright, the partnership of Mr. Hancock and Mr. Peter Wright. And Mr. Hancock has claimed it should be simply a matter of slipping a piece of carbon paper under old agreements to give Hanwright front-running in the next wave of developments in the industry.

Cash flows

It became evident well over a year ago that this was not to be the case. The level of demands was heightened. While the Pilbara pioneers were able to pay for their capital costs with the cash flow from sales of direct shipping ore, which also financed commitment to the processing stage, the previous conservative administration in Western Australia wanted new rules for the next group in; and Hanwright stood at the front of this line.

Before the February election, the State Government advised that it would withdraw Hanwright's rights to prospect if it were elected, unless the company fell into line with long-term planning. Mr. Hancock is an avid anti-socialist, whose pronouncement on politics and Government are rife with reactionary; yet the socialist Labour Party backed his claims. And when Labour won the election, a politically unnatural alliance built up.

The first real cracks in this facade appeared only this month. Earlier, the Hanwright tenements were slashed back to three on which the company was working in association with several major mining groups. Conditions were toughened. Hanwright continued working on others, including the crucial Angela deposits which the State Government had earmarked for a ministerial reserve to sweeten ores of existing companies that were low on iron content or high in impurities. Hanwright was given until August 12 to get off this reserve, and a

bitterly contested dispute is emerging from this ruling. The Hanwright-Labour Liberal triangle has tended to overshadow all other developments in the industry, and has blocked the industry's crossroads. Meanwhile, the other companies are growing steadily, but not without their problems. Of these problems the slowing rate of growth in the prime market, the Japanese steel industry, is the most pressing.

Outback town

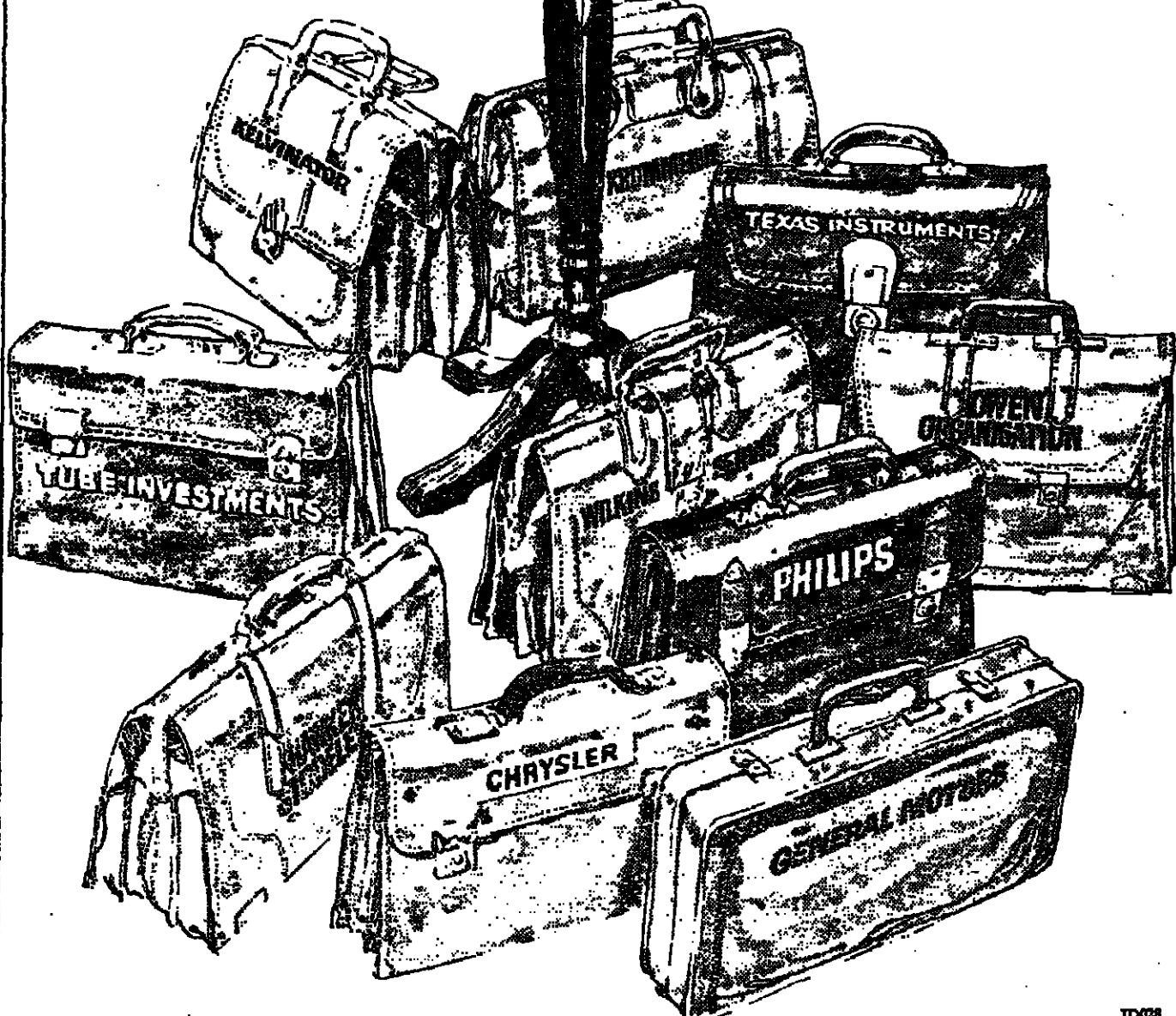
Goldsworthy, first to export from the relatively small Mt. Goldsworthy deposit near Port Hedland, lifts its sights next year with a shift to Shay Gap, where it will be supported, incidentally, by perhaps the most imaginative outback town in Australia, designed more around the needs of the women than of the miners and the mine. Hamersley has been industry

leader, but is finding that the pace of early development is starting to tell; consolidation will be the key word for the coming year.

Mt. Newman, after a particularly difficult start, doubled throughput in the past year to 13m. tons, and is at a stage where rejection of offers or approaches to the Japanese mills is not likely to cause any serious setback to long-term planning. And the Robe River project, which has faced savage lobbying in its tedious preliminary stages, is well advanced in construction. Initial contracts provide for 10.6m. tons throughput a year. Initial design capacity allows for this to be doubled the next year, and currently the company is offering incremental tonnages to the Japanese. While this is going on, the company's design is being lifted again to enable the tonnage mined, pelleted and shipped to be trebled.

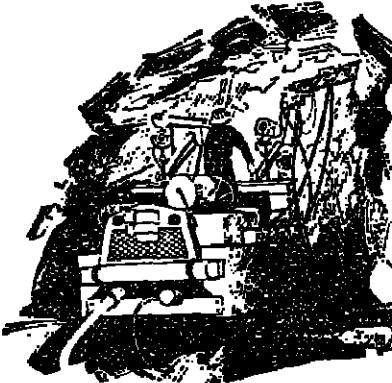
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AUSTRALIA XI

Nickel producers get added encouragement

KENNETH MARSTON

Old-timers in Australian mining before the turn of the century were mostly interested in gold as, indeed, are so many other miners working away with candles to their hard hats in the dark underground world. Nickel is regarded largely as a nuisance and it was not surprising that in even earlier days its name was linked with that of "Old Nick," another habitant of the dark regions. But, as far as Australian mining is concerned, nickel has some of importance only in recent times. But it is ore for the lucky finder, and too, for the unlucky finder "Old Nick" who tends to end more of his time on the exchange. Western mining's nickel discovery at Kambalda in Western Australia in 1966 touched off a share-price boom and bust cycle made and lost fortunes, but also unleashed a wave of intensified prospecting activity

Major ventures

These three producing mines are only a start. In October, for instance, Great Boulder and North Kalbarri are to begin mining at their Carr Boyd Rocks property. Mid-1972 is to bring the start-up of the Spargoville venture of Seleast Exploration, a company which is presently owned as to 83 per cent. by

Selection Trust and Consolidated African Selection Trust. Towards the end of next year Poseidon's Mount Windarra "wonder" mine should be in production while, away in Queensland, the big \$200m. (£93m.) Greenvale property which has been so patiently studied by Metals Exploration and Freeport is due to come on stream in 1974. Of the major exploration ventures which are virtually certain to result in nickel mines, high hopes are held for the recently announced find at Agnew in Western Australia of the Selection Trust group. Promising, too, is the discovery made in ground adjoining that of Poseidon by the U.S. Union Oil, Hanna and Homestake trio. Also in Western Australia, the Widgeemooltha area comes into the picture. Shaft-sinking is now being carried out at the prospect here of Broken Hill Proprietary and International Nickel. Similar work is being done at the Redross and Wannaway deposits of the Anaconda-Conzinc Riotinto-New Broken Hill team. Also in Western Australia lies one of the most fascinating possibilities of all. It is in the Mount Keith area where the senior partners, Freeport and Metals Exploration, have already outlined a huge 250m. short tons of ore. The grade, however, runs only at a borderline 0.6 per cent. nickel and while viability and metallurgical studies continue, it seems that the partners will want to wait for a higher metal price before they are prepared to take the plunge in a project which will require huge capital expenditure. Only time will tell what other finds are likely to emerge, but any of the small fry exploration companies—and Poseidon was once one of these—who are successful will have no difficulty in finding a powerful partner to finance them, although the terms which the big brother will demand may be another

Western Australia is shaping up to become one of the world's nickel producing areas and, unlike the important developments in New Caledonia, it does not have the political uncertainties which worry customers who are prepared to place long-term contracts. Like the rest of Australia, however, the West is going to have to solve labour problems which could get worse before they improve.

Strong rumours

Meanwhile, Western Mining is putting up a smelter to deal with the lower-grade production from the Kalgoorlie area mines which at present has to be shipped overseas for treatment. There are strong rumours in the wind that the American Metal Climax giant would like to erect another to handle output from Poseidon and the U.S. trio at Windarra which could be larger than has been hitherto estimated. Matte from the smelter would thus be chan-



Loading nickel ore at Kambalda, Western Australia.

nelled to the Amax refinery in Louisiana on the U.S. market's doorstep. As the present decade progresses a growing world population is going to need a lot of nickel. By 1975 it has been estimated that consumption could rise 50 per cent. to some 1,500m. lbs per year. To meet this growing target huge expansion plans are being actively pursued despite the fact that the latest U.S. dollar crisis measures which aim to stimu-

late the economy of a country which is the world's largest consumer of nickel. This sudden turn in events will give added encouragement to the Australian nickel producers and prospectors who, like all mining men, must look ahead all the time. Nickel is here to stay and so is the Australian mining industry despite the vacancies of the share market and the machinations of "Old Nick."

Great activity in copper

RICHARD FARMER

he Rio Tinto group had good on to be pleased with the tion of residents of Papua-Guinea to its special issue Bougainville Mining shares for this year. There were ections for 3.3m. shares at 5 each while only 1m. were able for subscription. It certainly an encouraging t to the efforts the company have to make in the next de to keep the people of a New Guinea enthusiastic private enterprise and a ign-dominated mining stry. At there are grounds for king that the goodwill ed by allocating shares at ice which guarantees a subal capital profit will not ough. e signs are already there an independent Papua-New ea—and that looks no more four or five years away— t want to have control of whole Bougainville copper et and not just a minority est. lical unrest has so far largely confined to the ert tip of New Britain a, like Bougainville Island, arated from the Papua-Guinea mainland by the non Sea.

As the work goes on develop- ing the Panguna minesite, the port at Anewa Bay 16 miles away and the township at Arawa, there has been no need to call in the militia to quell riots as there has been at Rabaul and other centres on New Britain. Mercifully there has been no repetition of the bloodshed which marked the early stages of the copper mines' develop- ment. RTZ have employed anthropologists to try to get to understand better the native people lands they have taken over. Generous compensation has been paid for land. The local people have been assisted to develop business ventures. Training schemes have been started to try to keep to a minimum the need for white employees. Wages, by territory standards, are high. But the political dangers to the project continue to grow. On Bougainville Island itself the support for secession from Papua-New Guinea has not waned. Come independence RTZ may find itself in the centre of a conflict between the people of Bougainville who do not fancy a mine on their island

subsidising the economy of Papuans and New Guineans with whom they have no racial similarity and the mainlanders who realise that without the mine there is little chance of independence being mean- ingful.

First group

In the territory as a whole the first group of native political leaders to challenge continued Australian rule show all the signs of developing in the same way as their African counter- parts. The jump between call- ing for independence and call- ing for control over their country's major resource will probably not take long after the departure of the last Australian administration official.

For RTZ that is in the future. Its immediate task on Bougainville remains to establish a mine that anybody would want to take over. The project is already two-thirds completed and contracts have been let for nearly all the mine and port equipment. Showing that it does not allow nationalist sympathies to cloud its economic judgment, RTZ has awarded the bulk of the machinery orders to United States

companies. British suppliers have missed out altogether where major items are concerned. Bougainville Copper Pty. Ltd., the operating company, is confident that production from the porphyry-type copper orebody will start in mid-1972—eight years after exploration was begun by RTZ's Australian subsidiary Conzinc Riotinto Australia Ltd. Using open-pit methods 145,000 long tons of ore and rock a day will be mined to permit an annual production averaging 150,000 long tons of copper in concentrate and 500,000 ounces of gold. Ore will be treated at the rate of 90,000 short tons a day.

Profitability of the venture will naturally depend greatly on the course of the world copper price and, to a lesser extent, gold prices. Based on the average price of copper on the London Metals Exchange over the past

decade, about 50 cents U.S. per pound, Bougainville Mining hopes to pay a 40 per cent. dividend on its 50-cent shares. A recent estimate by the Melbourne stockbroker firm of Ian Potter and Co., which under- wrote the public share issue, suggests Bougainville Mining could earn \$80m. in its first full year of production with copper at 50 cents. With earnings for the first three years of operation tax exempt, Potter's estimate would put earnings at 44.9 per cent. a share. It gives the company an attractive look despite the future political uncertainties.

Higher grade

Keen observers of Bougainville's efforts to get into production are senior officials of the U.S.-owned Kennecott Corporation who are considering a mine price of copper on the London Metals Exchange over the past

to the Indonesian border. Ken- neccott have discovered a deposit of porphyry copper ore believed to be of a higher grade—but in a slightly smaller quantities—than RTZ have at Bougainville. To consider along with the dangers of a newly independent govern- ment renegotiating its contracts (Kennecott are wary just having had its Chilean mines expropriated) are transport difficulties.

While the ore could be crushed and concentrated at the mine site, it would have to be sent 100 miles by truck or in a pipeline as slurry to Klunga, a small town on the Fly River. From Klunga to the delta in the Gulf of Papua the company would have to use flat-bottomed barges guided by tugs down the twisting river. A final decision on the project is likely within the next year.

Australia too has had its new copper discoveries. At Redbank

in the Northern Territory, Newmont Pty Ltd., the local exploration arm of the U.S. mining company, has begun planning a second round in a battle with the metal and the men who produce it and invest in it. But he will have to fight hard here to stay and so is the Australian mining industry despite the vacancies of the share market and the machinations of "Old Nick."

Further expansion at Mount Isa is planned. A new concentrator to cost \$12m. has been ordered and will be capable of treating 16,000 tons of copper ore a day. Last year MIM treated only 10,700 tons of copper ore a day in its existing concentrator, which will be phased out when the new one comes into operation. The capacity of the new concentrator indicates that the company is still aiming at producing 150,000 tons of blister copper a year by some time in 1974.

The Tasmanian copper miners, Mt. Lyell Mining and Railway Company, also continues to expand production. In the financial year which ended on June 30 the company lifted the amount of ore milled by 9 per cent., with the production of concentrates up 16 per cent., although the average grade fell slightly.

liners look for new markets — (Cont'd.)

ned from previous page island coast designed to be largest in the world. This is ore from Weipa. There also plans to build an na plant at Weipa itself. uite all the publicity and market glamour—now what tarnished—that has ended the nickel dis- es in Australia it is ly coal that towers along ron and aluminium as one leading elements in the ction and export situation e years ahead. It is ced in every state except ia, with New South Wales Queensland as the major s.

Coal shortage

irony of the fact that in so-called nuclear age a shortage of coal has placed Australia in ticularly strong export n and has sparked off a pansion programme which ade coking coal a major earner. Looking ahead, t, it could rival the per- ce of iron ore. e again Japan is the main er but Europe, including K., has been showing an ing interest in Australia ource of coal for its iron el industries. Black coal s from New South Wales Queensland are now thought e an annual value of \$200m. (£93m.) and are ed to top \$300m. by 1973- el still lags well behind re, bauxite and coal in the al spectrum but for this these are comparatively days in relation to the

others. After all, nickel only started to be produced in mid-1967, when Western Mining's Kambalda operation in Western Australia started up. And it was as recently as March of last year that the country's own requirements began to be filled from that company's refinery at Kwinana.

Australia's importance as a world source of nickel, in fact, still lies largely in the future. Apart from Kambalda, where there are now plans for a smelter, there are only two relatively small productive operations in Western Australia and none elsewhere. But big deposits of nickel ore as yet unexploited have been found not only in that State but also in Queensland. It can thus be confidently expected that a minimum of six more mines are in the pipeline in Western Australia and one major one in Queensland.

It is consequently no wonder that forward projections produce some impressive figures especially as exports will have to be the keynote of the growth prospects. For instance, it has been estimated that whereas nickel production was only 11,462 tons in 1969 it could rise to around 125,000 tons by 1975 or some 15 per cent. of world supplies allowing for the various expansions in progress elsewhere. What this could mean in terms of export revenue is, of course, a much more tricky exercise but the figure could conceivably be over \$300m. (£140m.) per annum by the mid 1970s. Those great mainstays of Australia's mineral past—lead, zinc and copper—naturally still

have a major role to play and it has been estimated by the Department of National Development that in 1976-77 lead could still be the sixth most important mineral export although this could presumably prove optimistic if the world campaign against the metal as one of the villains of the pollution scene has any considerable impact eventually.

Beach sand

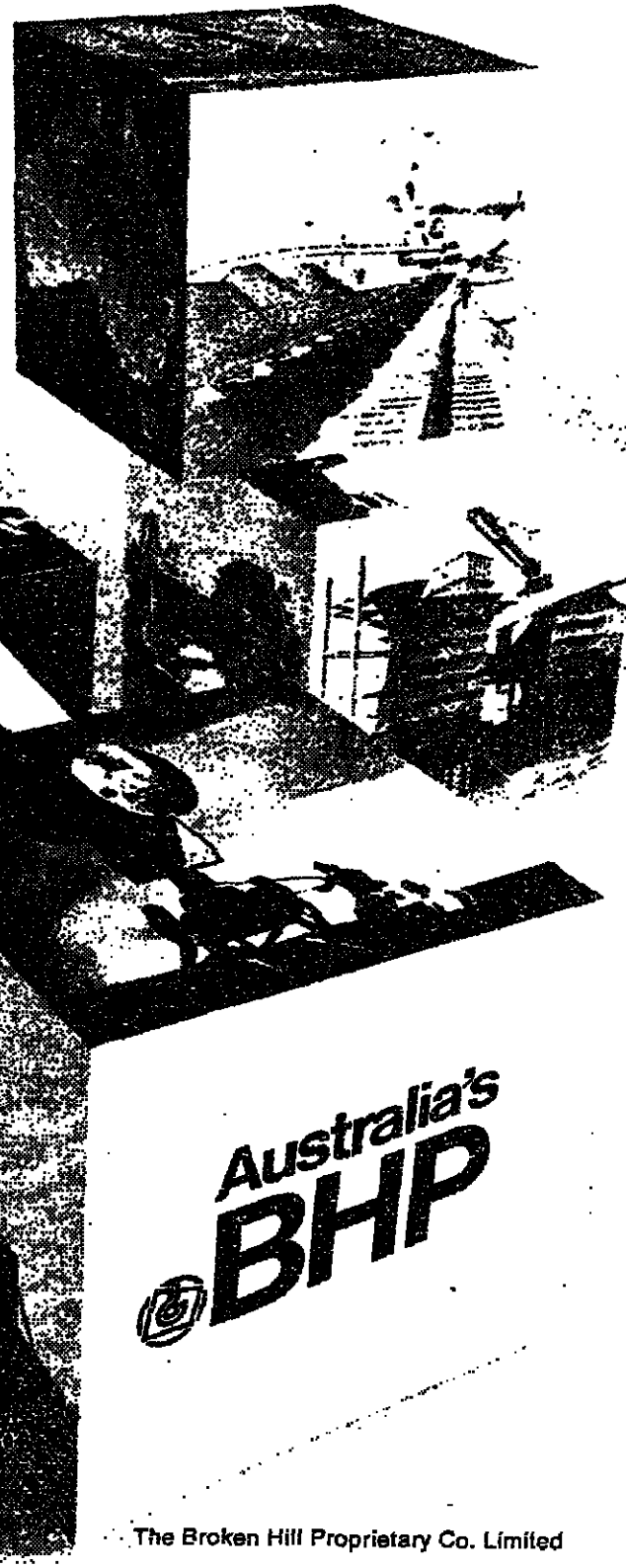
Australia ranks high as the world's major source of the beach sand minerals, rutile, zircon and ilmenite, which tend to be in increasing demand for their titanium content. Gold production is in sharp decline, a process that has been accelerated by the turnover of concentration plants on the Golden Mile in Western Australia to the more commercially attractive treatment of nickel ores.

A mention of manganese, silver, tin and tungsten completes the list of the major elements in Australia's expanding minerals industry although there are other minor products such as antimony (this one could grow), cadmium, asbestos and opals and other gem stones. Diamonds in worthwhile quantities and qualities are still only being sought.

There is thus much to build on but there are also many problems to face as detailed in the following articles on individual minerals. It is on the overcoming of these difficulties and the growth of world export markets that the forward projections in this overall survey of the Australian mining industry largely depend for their eventual attainment.

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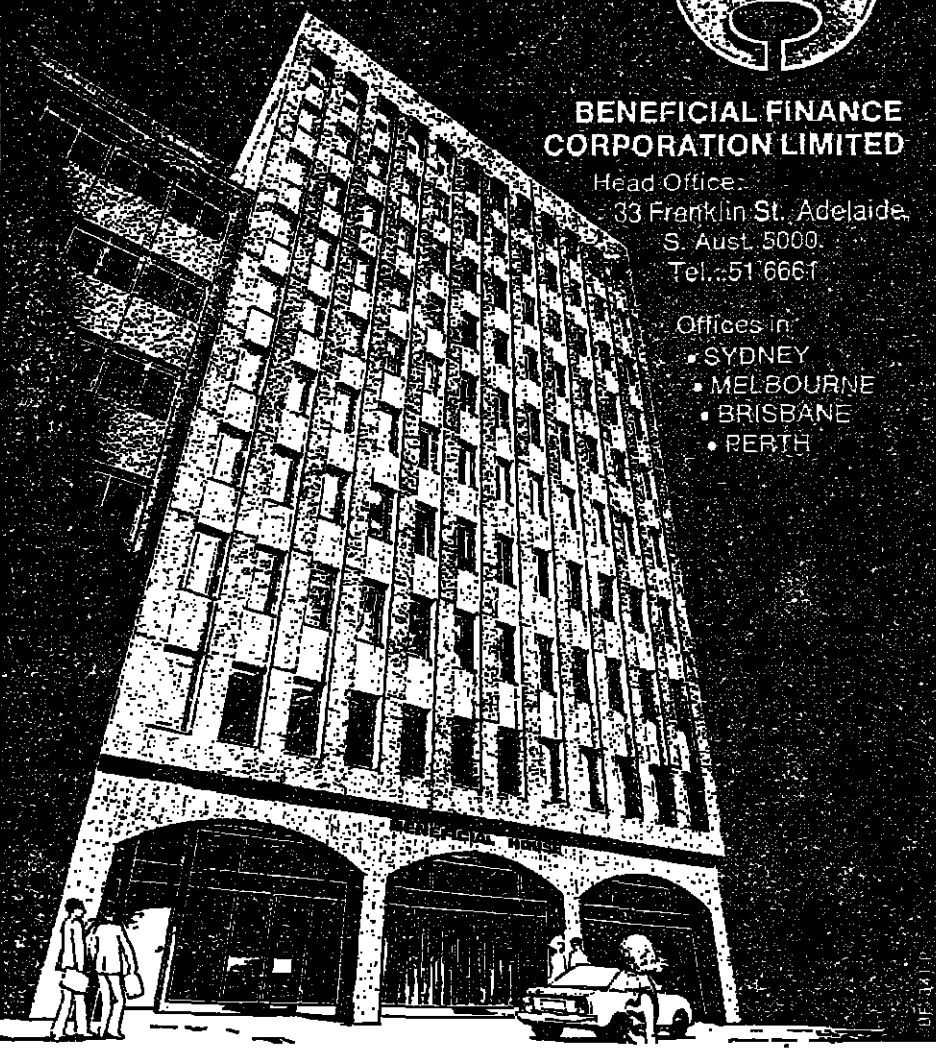
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AUSTRALIA XII

Gloomy prospects for bauxite-alumina

By DON LIPSCOMBE

The penny is yet to drop in Australia that the bauxite-alumina industry can look forward to little real progress, if any, over the coming year. For the industry is locked into the "great expansion" euphoria, ranked with iron ore and coal as one of Australia's three great mineral resources, looking to open-ended and continuous demand, rather like wheat was. But with the aluminium metal industry's outlook grim and expected to stay gloomy for at least another two years, the coming months are likely to bring a stay or even a backsliding in the sharply rising pattern of bauxite mining and the previously expanding output of alumina.

Australia has one quarter of the assured world bauxite reserves and more than one third of the probable reserves. Underpinned by a world growth rate in aluminium production between 8-9 per cent, this natural resource has moved from a standing start in 1955 to the position in 1966 where Australia had the world's two biggest alumina refineries. Exports of aluminium products and ores are worth nearly \$150m. annually. But the sharp rise in aluminium production that set off this growth has turned down; last year output was barely 1.2 per cent above the previous year, with prospects for 1971 probably worse. Aluminium producers looked to Australia as the best place to pour in capital in the 1960s because of the amount of available bauxite, the capital-intensive nature of their industry and attractions for big money in the country's relative political stability. These factors have

not changed at the bauxite-alumina end but Australia must now jog along until the aluminium end catches up; 1975 is the target year for this balance to re-establish.

Of Australia's eight operating or firmly planned aluminium industry ventures, at least four have been affected to the point of indefinite delays that could last well over a year, and the others have felt it advisable to put the brakes on expansion programmes. Yet [no doubt in mind] the industry as a whole has given little public indication of the reassessment under way. The long-term nature of contracts has been stressed, and when Alcoa's president and chairman, Mr. John D. Harper, was in Sydney in November, he foresaw an average 8 per cent aluminium growth rate for the coming 20 years—which would call for a strong surge in the late 1970s if projections about over-supply into 1975 are accurate.

Long haul

None of America's or Japan's metal-use problems affected Australia materially, Mr. Harper said then, although he acknowledged well below the "average" 8 per cent annual growth rate heading: "They might be postponed for a year and a half, but for the long haul that does not have much of an effect." Superimposed on other Australian growth postponements, which have touched virtually all key overseas export earners, the industry's undoubted downturn is the kind of short-term problem that Australia would be happier to miss.

New industries are facing their own problems at home, apart from the metals end. With their heavy weighting of overseas capital, bauxite mining and alumina smelting are not Australian favourite industries. Bauxite mining, usually in lush tropical growth, scars the landscape hideously; some of the more profitable mines are in Perth's "hills" area, where homes of the vocal Left-wing intellectuals tend to congregate. Their haven has been mutilated by the orange-coloured slashes of bauxite mining at a time when their anger is no longer written off.

Bauxite-alumina is also target for an increasingly vocal environmental control lobby. In the Perth area, the Alcoa plant has built up from 210,000 tons per year to 1.2m., with the bauxite rail-freighted 32 miles from the Darling Range, inland from Perth, to the Kwinana industrial area, 23 miles down the coast from the capital city. Pollution from this refinery has become a bigger problem than most Perth people expected, and Alcoa has started work on a second refinery farther down the coast at Pinjarra, where production is scheduled to start with a two-unit refinery at 413,000 tons annually, building up eventually to be bigger than the Kwinana plant. When "eventually" will be now is anybody's guess.

At the same time, the Gove deposit in the Northern Territory has been the hub of the most important land-rights dispute in the country's history, with a group of Aborigines at Yirrkala, who profess a religious-mythological affiliation with the land, seeking compensation for having their tribal lands taken from them. At Gove, Swiss Aluminium has a 70 per cent interest, with the equity after Anaconda put in rest Australian-owned and the

Colonial Sugar Refining Company having 51 per cent stake in this Australian equity. Yirrkala has the potential to become a United Nations issue, the example of Australia's shoddy treatment of her native peoples.

Of the two main new companies planning to set up on bauxite in the Darling Ranges near Perth, the Pacminex plan has run into bitter conservationist and political opposition. This involves CSR with Hanwright, the iron ore prospecting partnership which earlier this month sued the State Government over alleged illegal confiscation of iron ore reserves in the Pilbara. Conservationists say in a document circulated to State parliamentarians that the refinery, sited where it is planned, would present a serious threat to the people, water, vines, and ecology of the region; and there are undocumented hints that vanadium and mercury contamination of the underground water supplies is possible, eventually reaching the Swan River which flows through Perth. A rebound from this style of pseudo-scientific sensationalism will come, but meanwhile it adds to the home-grown troubles of what appeared to be a boundless industry.

Expansion phase

Farther down the coast, Alcoa's Pinjarra refinery is unlikely to move quickly to its next expansion phase, as the Kwinana refinery did. And an Alwest-Broken Hill Pty scheme, based on Bunbury, has been shelved for at least a year—again without any formal announcement that the highly publicised plans had been changed. In the far north of Western Australia, an Amamax consortium is still seeking over the coming few months even Comalco may have lower its sights in the mid-15

of its financial jigsaw; at same time, capital cost estimates of this Kimberley venture is believed to have increased from \$300m. nearer \$400m. Initial caps said to have been aiming 1.2m. tons of alumina annually is now likely to start a lower rate.

Japan's refusal

Alcan has deferred in its expansion plans for Kurri Kurri smelter in South Wales, following Japanese Government's refusal to clear a tentative agreement for the \$280m. scheme, due a downturn in the Japanese metals industry; a projected 22 per cent increase to March 31 became an actual 9 per cent. Incur Gove became Australia's sea bauxite exporter in June, this Swiss-Australian project scheduled to become nation's fourth alumina ducer in mid-1972, starting 500,000 tons annually, capacity of 5.3m. tons alumina a year.

Of all the companies involved in the industry, Comalco likely to be the least affected. With its RTZ and Kaiser Alum backing, access to massive Weipa deposits at the Gulf of Carpentaria, its early start in Australian bauxite field, and integration and spread, company seems well buffered against even sharp change the industry's fortunes. The pioneer exporter shipped 5 tons of bauxite from Weipa year, including 2.3m. tons cessed in Australia into alum. By mid-1971 a 10.5m. ton capacity is planned, and by 1m. ton refinery has been fitted in the mid-15 alumina metal picture of Gove, Swiss Aluminium has a 70 per cent interest, with the equity after Anaconda put in rest Australian-owned and the

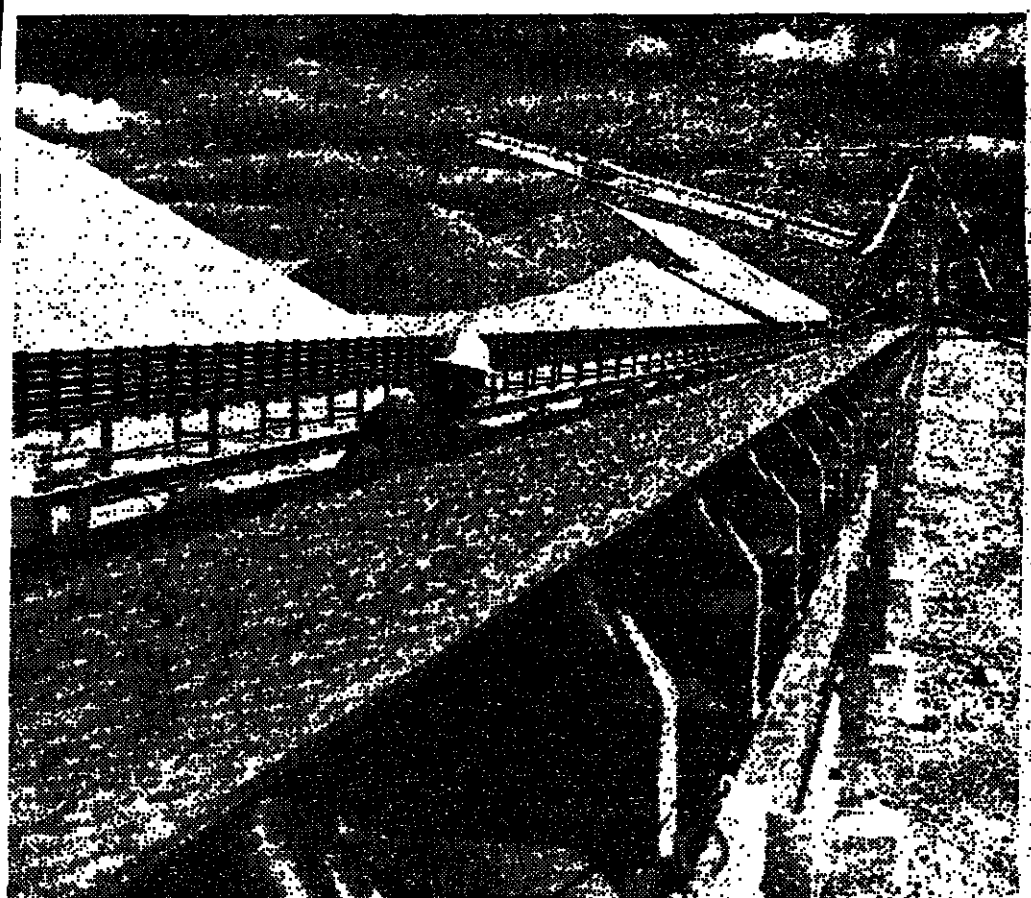


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Bauxite being moved by a conveyor belt after having been washed & screened at Weipa.

Easy times over in coal mining

By RICHARD FARMER

Australia's coal industry, after a decade of unchecked expansion, has begun the 1970s with three major problems. There has been a slump in demand from Japan, the main export market. Industrial disputes have disrupted deliveries. And pressure from conservationists is delaying the opening of new fields. For an industry grown used to easy times it is all very frustrating.

The state of the Japanese economy has been of prime importance to coal miners since the first export orders were written back in 1960. Japanese demand has accounted for almost all the growth in exports which in 1969-70 totalled 17.3m. tons compared with only 1.1m. tons ten years ago. The Japanese share is around 92 per cent. In 1970-71, coal exports reached 18.5m. tons. The value was \$A192.5m., with Japan again taking the bulk of production (15m. tons).

Demand cut

This year lower steel production by Japanese mills, combined with a more economic use of furnaces, has cut demand substantially. Luckily for the Australian industry, most of the cutback in imports has been at

the expense of U.S. miners but the prospect of a slower rate of growth in the Japanese steel industry is delaying the opening up of new deposits. Long-term contracts have been harder to get.

The actions of trade unions are not making negotiations with the Japanese any easier. The Japanese have complained bitterly that strikes both in the mines and in the transport industry have made it impossible for them to rely on Australian supplies. They are not so worried about what has happened this year. If anything, the disruptions to production have fitted in with their cut-back in production. But the Japanese mills are worried that the wave of industrial disputes will continue. Meanwhile, it appears that the Japanese may look to China as a possible source of 10m. tons of coking coal.

The conservationists have struck hardest in New South Wales. Clutha Development Pty. Ltd., owned by Mr. Daniel K. Ludwig, of the U.S., wants to build a private railway from its Burrigorang Valley mine to the coast at Coalcliff and to have a coal dump on the cliff-top. The conservationists claim the dump would ruin the coastline and the

that dust would pollute the over neighbouring towns. V the State Government given approval for the project the Labour Opposition have mixed to repeal the necessary legislation at the first opportunity. As Labour came to a couple of seats of victory last election, Mr. Ludwig not keen to start building under threat of losing his investment in the future.

Developments too

While there have thus been problems for the coal industry there have been developments too. The scrapping of the planned nuclear power station at Jervis Bay will mean a decrease in coal for electricity generation in NSW. A foot has been gained in the export coal market, both for steam and coking coal. The industry has high hopes that sale of Europe for high quality coal will follow, and that dependence on Japan will decline. In the field, exploration continues to prove up size new deposits, removing the threat pandering to the export trade would leave Australia short in the future for its needs.

Minera

AUSTRALIA XIII

Uranium loses its gloss

By a Correspondent

High hopes and dashed hopes: the Australian uranium industry has had them both in the past year. The discovery of a major uranium province in the Northern Territory was a cause for considerable optimism. Back in September, 1970, Queensland Mines announced they had found 55,000 short tons of uranium oxide at the incredibly high grade of 540 lbs per short ton. Other major companies reported sizeable, but less rich, finds in the same area.

It was enough to re-ignite some interest in the Australian stock market and to arouse the thought that Australia would replace Canada and South Africa as the world's major source of fuel for nuclear power stations by the end of the decade.

The disillusion has set in more recently. The estimates of Queensland Mines have been proved hopelessly wrong. Instead of 55,000 short tons of U308 at Nabarlek, latest figures indicate that there are 9,000. Instead of 540 pounds a short ton there are 3,200 short tons of uranium oxide at a grade of 16 pounds and 5,760 short tons at a grade of 240 pounds.

A Select Committee of the Senate has heard evidence suggesting that the truth was deliberately withheld from shareholders for several months as the company desperately tried to prove up reserves in other areas to reach the 55,000 short tons figure. The chairman and managing director of the company, Mr. E. R. Hudson, previously one of the most respected men in the Australian mining industry, has had to resign his posts.

It has all been more than enough to take the little remaining gloss off the mining share market.

Export contracts

The disappointment at Nabarlek is not the only dashed hope about the Australian uranium industry. Perhaps more important, there have been no contracts written for the sale of U308 from any of the newly discovered fields. Mr. Hudson had also been optimistic on this point. He has been silent in the last few months. No substantial export contracts are likely to be signed for many months yet and only small deliveries are likely before 1978 or 1979. The boom in nuclear power station construction has just not taken place as predicted.

While it is in Japan and the U.S. that the expected demand for Australian uranium will come, some small stimulus was expected from local demand. The Federal Government under Mr. Gorton appeared committed to building a nuclear power station at Jervis Bay on the New South Wales coast. The plan was shelved by the Government of Mr. McMahon after foundations had been prepared and tenders were on the point of being let. The Jervis Bay station is unlikely to be using much Australian uranium before the end of this decade.

Mining the new fields in the Arnhem Land also has its difficulties. The Peko-Wallsend-EZ Industries find at Ranger and the Noranda Australia find at Jim Jim are both in an area designated a National Park two years ago. The area is very attractive and conservationists are already extolling its uniqueness. Mining companies face severe restrictions on their activities but at least they are being allowed to continue prospecting. While he tries to sort out an answer to whether and under what circumstances mining should be allowed in a National Park, the Minister for

the Interior, Mr. Hunt, has stopped issuing new prospecting authorities.

At least the downgraded Nabarlek deposits are outside the National Park area. They are on an Aboriginal reserve which may create problems of its own if the Australian Aborigines ever grow into a militant community.

A bright note amid all the gloom has been sounded by the Minister for National Development, Mr. Swartz. He still stands by his statement that uranium deposits in the Northern Territory are significant by world standards. Mr. Swartz told Federal Parliament recently that the Bureau of Mineral re-

sources had reached a figure—

which it could substantiate—that deposits in the territory

totalled 100,000 tons of U308.

Referring to the downgrading of Queensland Mines' Nabarlek

he said he would not like to see the international press

interpreting a statement by one company in a way that could

affect Australia's credibility

overseas and harm future development of deposits.

Mr. Swartz believes there are opportunities for finding substantial quantities of uranium

outside the Northern Territory as well. "Already in South

Australia, some developments indicate from the exploration

work that has taken place that

Promising picture for oil and gas

By RICHARD FARMER

Saving money for Australian motorists was not a widely predicted consequence of the discovery of oil in Bass Strait by the Broken Hill Proprietary Company Ltd. and the Esso group of the U.S. For the previous decade the accent of Government policy had been on the benefits to Australia's balance of payments and the added national security that would follow from a substantial local oil industry. If these desirable aims meant paying a little more to run your car, then that was too bad.

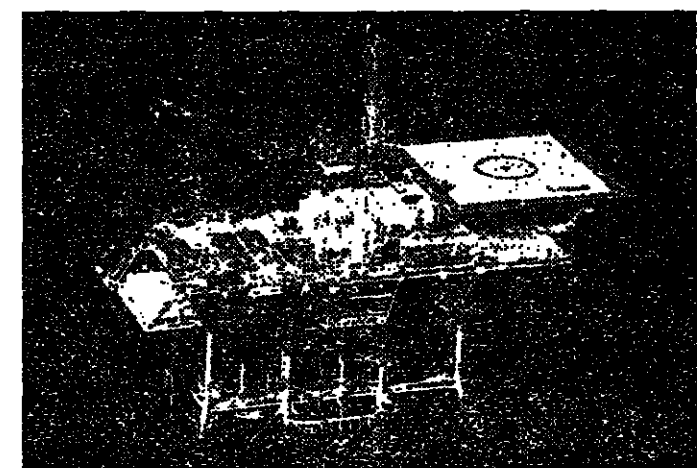
The Commonwealth Government rushed into providing a subsidy to the discoverers of crude oil at Moonee and Alton in Queensland and Barrow Island off the Western Australian coast. There were also subsidies to explorers to find more and, through the taxation system, to investors to finance them. The Australian crude industry looked set to follow the U.S. pattern of local producers receiving well above the price of imported crude.

Things did not look much different when the then Prime Minister, Mr. John Gorton, took over personally the negotiation of a pricing agreement with Esso BHP for the Bass Strait production. True, he removed the subsidy payment altogether and fixed the price on the basis of the price of imported crude as at October 10, 1968. But that price, about \$2.06 a barrel, was artificially high, Mr. Gorton's critics argued.

An oil consultant called in to advise the Government said that oil freight rates would drop. The "parity price" would fall with it. Oil companies, other than Esso, grizzled about how the price of petrol would inevitably be pushed up.

Mr. Gorton ignored his consultant, the criticism and his Cabinet colleagues as well. He went ahead on the principle that prices never come down and turned out to be right. Freight rates were to go higher and so were the posted prices of crude from the Middle East and Indonesia where Australia has traditionally received its supplies. The \$2.06 per barrel is now substantially less than the cost of imported crude and the price cannot be changed until September 1975. Thus the motorist has benefited along with the balance of payments. The chairman of BHP, Sir Ian McLennan, estimates the saving in petrol costs as \$50m. a year and the benefits to the balance of payments at \$300m. Both figures will go higher.

In the 1970-71 financial year



Barracouta "A," 10-well production platform. Barracouta was the first Bass Strait field to produce natural gas and oil.

Australia produced 94m. barrels of crude oil compared with 30.7m. in 1969-70. Fifty-one per cent of the total input of Australian refineries in 1970-71 came from local sources compared with 15 per cent the previous year. Esso-BHP's Bass Strait field produced 308,900 barrels a day and it will rise to around 280,000 this year. Barrow Island's 45,300 barrels and Moonee's 3,200 barrels made up the balance but there is little scope for production increases from them.

Cooper Basin

The big hope for production increases once Bass Strait reaches capacity, is the Tirrawarra field in South Australia's Cooper Basin. A consortium for which Bridge Oil NL is the operator has struck 50 degree gravity oil in two wells in the area and the South Australian Premier, Mr. Dunstan, has been confident enough to predict that further drilling will prove that there is a sizeable oil reserve in the area. Mr. Dunstan is already talking about the possibility of an additional refinery and the development of a petrochemical complex.

More conservative men in the oil industry would prefer to await the results of at least the next three wells in the area. But they concede that results so far are very promising and a field at least the size of Barrow Island is probable.

This would provide some compensation for the partners in the venture, Santos, Delhi Australian, Reef Oil, Basin Oil, and Vamgas as well as Bridge, who have spent about \$100m. on oil and gas exploration

further deposits will be established and will ultimately be proven," he said.

There are certainly many companies which agree with him. For while the stock market's rating of uranium searchers has slumped there has been no noticeable let-down in exploration.

Mary Kathleen Uranium Ltd., the only Australian company with an export contract, is continuing with exploration around its mine. MKU has contracts to supply a total of 3,857 tons of U308 from 1974 to 1981 inclusive. This is well short of the mine's capacity and will result in only "modest returns," according to directors.

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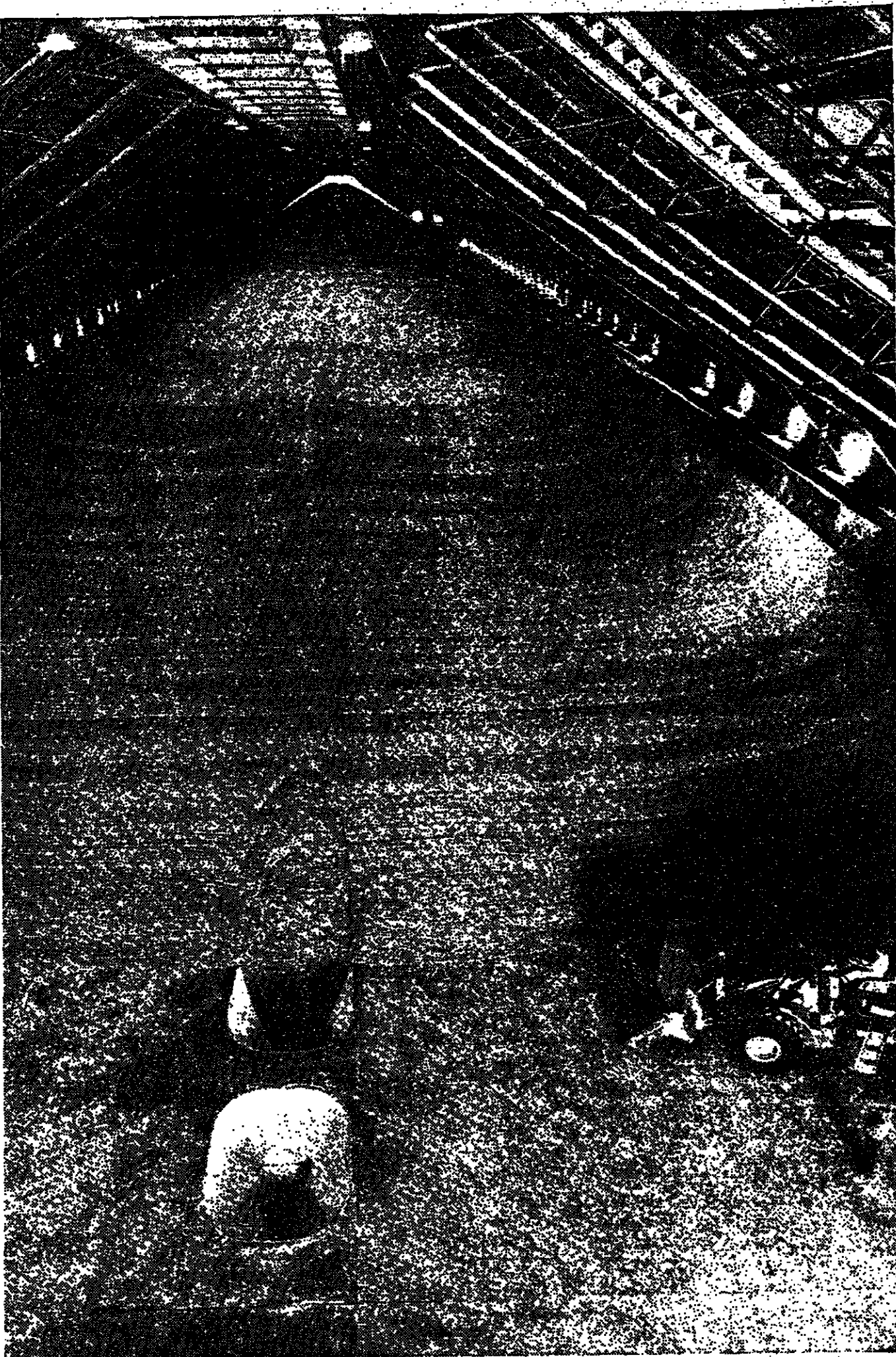
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Sugar is still our middle name.

In London, CSR (The Colonial Sugar Refining Company Limited) is known as marketer of all raw sugar from Australia and Fiji.

On behalf of the Australian sugar industry, CSR markets all of Australia's sugar exports (1.79 million tons last year) and also all of Fiji's exports of about 350,000 tons.

About a quarter of the United Kingdom's raw sugar imports come from Australia and Fiji.

Australia's sugar exports come from thirty-four raw sugar mills (twelve owned by farmers co-operatively, seven by CSR and fifteen by other companies).

Altogether, CSR operates eleven sugar mills: four in Queensland, three in N.S.W. and four in Fiji; producing about 900,000 tons of raw sugar a year.

In Australia the cane comes from about 8,500 independent cane farmers. Their farms are comparatively small (average size about ninety acres) but are highly mechanised and efficient units.

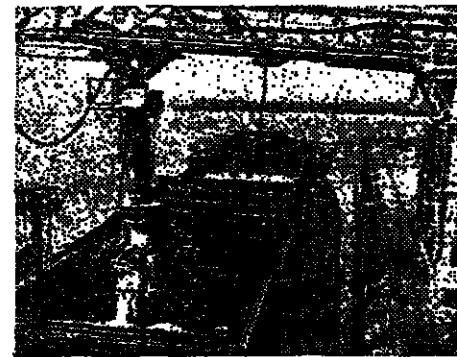
Over a 1/2-million people live in the sugar districts of Queensland. In Fiji there are 15,000 independent farmers. 95% of Fiji's sugar production is exported, and two thirds of Fiji's total export income is derived from sugar.

CSR is the major sugar refiner in Australia (five refineries: one in each mainland state capital city) and is the only sugar refiner in New Zealand.

It is also one of Australia's large commercial and industrial organisations. Its activities include, in addition to sugar, distilling, building materials, industrial chemicals, ready-mixed concrete and quarrying, and mining; all of these backed

by highly developed research laboratories. Its area of operation covers Australia and the South West Pacific.

But sugar is what's important to us. And it is important to Australia and Fiji. That's why sugar is still our middle name.



CSR

The Colonial Sugar Refining Co. Ltd., 1-7 O'Connell Street, Sydney, N.S.W. 2000, Australia.

Mineral sands reserves

By a Correspondent

The dredges of Australia's beach sand miners moved inland a little in the last year as the established high-grade reserves which made Australia the world's dominant supplier of titanium ores were worked out. The costs of mining rose and so did the criticism. A major part of the expenses of beach sand miners is now restoring the coastline they eat up and employing public relations men to tell the conservation-conscious public how well the restoration is done.

The East Coast reserves of rutile, the major ore, are now estimated at only 25 years. Objections to mining on popular surf beaches are such that the estimate may well prove optimistic. Hence the switch in the last year to the West Australian coast, where a sparser population reduces the pressures on miners.

Almost all the companies with

a large stake in rutile production in NSW and Queensland have pegged areas of the West Australian coast. At Eneabba, 180 miles north of Perth, major new deposits of rutile have been discovered. As yet no one has got to the mining stage. But there are likely to be at least two new mineral sands dredges operating within 12 months. Consolidated Gold Fields Australia Ltd. and Peko-Wallsend (two groups with a major interest in the eastern States deposits) have been in the forefront of exploration work, together with British Titan Products, Allied Minerals and Norseman Titanium.

Before the Eneabba discoveries, West Australia was a source of very little rutile. Companies like Cable and Western Titanium have for many years mined mainly ilmenite, an ore not so rich in titanium as rutile. Western Titanium,

in an effort to receive more for its labours, has established a pilot plant to upgrade ilmenite to produce a synthetic rutile. Trial batches of 1,000 and 1,500 tons of synthetic rutile have been made by Australian and overseas chloride pigment producers and found to be an acceptable alternative to the natural product.

Western Titanium is on the verge of starting a commercial plant but must be having some doubts now that rutile has been found at Eneabba.

The new deposits have been found at a time when demand from titanium pigment producers in both the United States and Japan is slackening. The continuing doubts about the U.S. supersonic transport aircraft make the future demand hard to predict. The SST was to have been a large user of titanium metal. Softening the blow on Australian producers of the general over-supply

situation has been the shutting of the Sierra Leone mine of the Sherbro Minerals Ltd., a company jointly owned by Pittsburgh Plate Glass of the U.S. and British Titan Products. Spot prices for rutile have continued around the \$130 to \$135 a ton level in recent months and some forward business has been written at higher prices. In 1969-70 Australia's rutile exports totalled 341,000 tons producing an export income of \$30.2m.

This was an average price of less than \$80 per ton. As long term contracts written for below \$20 per ton begin to run out the average price for Australia can be expected to go higher. In 1970-71 export of titanium and zirconium ore and concentrates showed a slight rise on the previous year, moving in quantity from 1.2m. ton to 1.3m. tons. The value of the exports rose from \$48m. in 1969 to \$57m.



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AUSTRALIA XIV

Rural industries are of declining relative importance in the country's economy. On this and the facing page their performance and potential are discussed.

Bleak picture on the farms

By J. O. CHERRINGTON, Agriculture Correspondent

It is almost impossible to be optimistic about Australian farming, at least in the immediate future. With the exception of beef and veal, almost everything produced is subject to quota; a depressed market or no market at all. Rural indebtedness has doubled over the past decade, and while debt of itself is no bad thing under viable conditions, service of this debt is becoming impossible because gross incomes are too low to meet current interest costs.

The Government is already committed to paying a variety of subsidies amounting to about £150m. to rural industry, and Australian consumers pay more than world market prices for much of what they buy, especially for dairy products. This is of course partly because the Country Party, representing rural areas, is a member of the Coalition, but to say that the subsidy support is entirely political would be wrong.

It is, so farmers contend, no more than the obvious compensation needed for the tariffs that protect industry, and that of themselves raise farmers' requisite costs. In addition it is a very necessary measure to keep in being an industry which, even at today's depressed prices, is responsible for about half of all export earnings, a proportion which would increase if prices were to rise again.

The facts of the wool situation are being dealt with elsewhere, but it is impossible to discuss Australian farming without emphasising the im-

portance of sheep in the general balance of the Australian farm economy. Apart from the specialist sugar and cattle holdings of the North, and the dairying districts, most Australian mixed farms are dependent to a degree on the wool cheque.

Arid conditions

The typical wheat farm would probably be growing only a fifth or less of its acreage in arable crops. The rest of the land would be being rehabilitated by sheep grazing. Because of the general nature of Australian farming and the arid and hot summer conditions, much of the income from this enterprise would come from the sale of wool. A fat lamb trade on the New Zealand model is out of the question in much of Australia because conditions are simply not suitable for the development of such a system.

The Government has announced a deficiency payment in the budget to bring growers' returns to 36 cents (A) per pound. This was not as much as they hoped for, but such a move would be more than a political bribe. It would recognise that wool is the key factor in maintaining a viable system of farming until something turns up, or until the Australian population grows sufficiently to absorb the food export surpluses.

It is probably true, as some economists have argued, that what is needed is the depopulation of the countryside, with the development of huge farms with

perhaps 10,000 ewes per man, 5,000 acres of wheat and so on. Such proposals completely discount the human and, what is more, the social problems that they imply. Any further depopulation of the farming areas is bound to increase the difficulties of supplying the schools, communications and other services thought necessary to run a modern state. There is already considerable anxiety over the continuing urbanisation of the country. Such schemes would simply accelerate this trend, leaving vast areas of the country unexploited.

There are economists who say that the obvious policy is to pay people to live in these places, which would probably be cheaper than to persist in farming them.

In any case the position is not yet as bad as it is sometimes painted. There are of course areas of considerable debt and distress, but there are also farmers and graziers who are still farming profitably, or at least keeping solvent. A great deal of the trouble is with those who have entered farming in late years, buying their properties too dear, or those whose farms are too small, or on second or third class land.

It is the latter who have been badly hit by first the wheat quota, and then the drop in wool prices, which leaves them few opportunities for diversification.

The prospects for wheat do not look very good at present, although, thanks to the poor cereal crops in the U.S. and

Europe last year, exports have shown an increase over previous years. For this reason farm delivery quotas, the proportion for which farmers will receive the guaranteed price, have been raised from 308m. to 338m. bushels. It is disappointing that the Chinese have not renewed their buying contracts and there is a danger that sales to other countries are likely to be subject to keen competition from North American and European supplies, particularly now that the new International Wheat Agreement does not lay down the prices with the same exactness as did the old one.

Much will depend in future on the success of the Green Revolution in assisting underdeveloped countries, particularly in Asia, to grow their own wheat and rice. The signs are that they are being successful, and such success is bound to be bad for the Australian farmer. There has been some diversification in arable cropping into sorghum and barley, but the market for these feed grains is very vulnerable to competition from North American maize and barley, and the Japanese market is very selective and difficult to exploit. The Japanese by all accounts never import anything they cannot grow at home. Rice, of which Japan has a surplus, is just as good a source of carbohydrate as barley or sorghum.

Domestic market

There is, of course, a growing domestic market in Australia for livestock products, pigs, poultry and intensively fattened cattle, but with a population of only 12m. the potential market is limited. In a perfectly ordered world these high value products would be produced at the source of the raw materials and exported to the great centres of population. But things do not work out like that and Australian farmers, like the miners, seem destined to provide the raw materials for other people to process into high value finished articles.

A great deal is being made of the prospects for beef sales on a world market which is likely to be short for a considerable period ahead. These prospects require cautious analysis. In spite of the increase in demand and the increased production that it stimulated, beef production is still at 1m. tons, only

just above that of the U.K. Much of it is of manufacturing grades and of low value, being the product of the enormous ranches in the north of the country. There is a good market for this in the U.S. at present, but it is under quota and vulnerable to Congressional action in support of American cattle breeders. Australia does produce some very good beef in the higher-rainfall areas of the south, but this does little more at present than supply the domestic market.

Recently, however, there have been shipments of chilled beef to this country under the vacuum-packed system. Undoubtedly, there would be room for a considerable development of this trade and also of portion cuts. The problem here is climatic. Undoubtedly, farmers would like to produce more beef, but in a country of very low rainfall and very high evaporation rates, breeding and fattening beef cattle is far from easy. In the coastal and irrigation areas there could be considerable development of intensive beef farming, but it is doubtful if this alone could rescue the rural community from its present depression.

The development of a sheep meat industry as opposed to one based on wool faces similar difficulties as does beef. The sheep in the drier areas are suited to those regions, and are of wool growing types. It is doubtful if the heavier meat breeds, which have coarser wool, would be able to thrive in their place. There would also be a need for long years of market research and development to catch up with the New Zealanders in a market which is in any case limited by the refusal of all nations but the British to eat any quantity of lamb.

Paradoxically the dairying industry which has been regarded as particularly vulnerable may well have a more hopeful future. It is at present being almost written off in view of the probable loss of the British market on Common Market entry. The indications are that the world surpluses of dairy products which have been a phenomenon of the 1960s are likely to disappear, that production in Europe is falling fast, and that the output of Australia and New Zealand will probably be needed in an enlarged community and at much higher prices, in spite

of the levies that may have to be paid on their entry. But this feature of British entry will do little to undo the harm that the adoption of the EEC sugar regulations look like causing. Australia is likely to lose the whole of the British quota and also that small portion of the sugar that Britain buys on the free market, a total of about 30 per cent. of present output. This damage might be mitigated by diversification into other crops or cattle.

In terms of overall efficiency I think Australian farming comes out pretty well. Farmers know how to get the best out of their land in spite of their generally hostile climate and bad or difficult markets. Some years ago a few British farmers decided to have a home themselves, but although some have succeeded in staying the course, most have buried their fingers to some extent as they are certainly wiser as to the effects of drought, flood and market fluctuations unknown present over here.

And this is what it all boils down to. Without a market reasonable prices no rural community can survive with help, however efficient it may be in the technical process. No one can say the Australian are not aggressive and efficient salesmen of their food production. But the fact remains that the peoples of Asia are not yet sufficiently advanced economically to buy the production of Australian farms, nor of New Zealand's either.

If the Japanese will not buy no amount of reasoning will induce them to spend the money in this way, and the Communist bloc have proved to be just as hard bargainers as the Japanese, and spasmodic buyers into the bargain.

Much will rest on the prospect of an improvement in demand for wool, particularly fine wool, but in a centralised Western world which is becoming used to synthetic fibres next to the skin, even in Arctic conditions, the outlook is not too hopeful. However, events have a habit of confounding prophets of doom and success, so in the light the Australian Government and farmers have little choice but to carry on in the hope that something may on day turn up.

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Wool under pressure

By RONALD ANDERSON

He is 60 years of age, this woolgrower. He has a diseased kidney and he is attempting to run 4,000 sheep on his own. His financial position is hopeless. His property is valued at \$98,000, has a debt burden of \$65,000 and has been on the market for some months at \$80,000. There have been no takers.

At the end of 1969 this man expected his wool cheque to be \$15,000, the same as in the previous year. The cheque came to \$8,000 and was withheld by his stock firm, which then refused him further carry-on loans.

This man now has been without a cash income for nine months and is dependent upon food supplies from local storekeepers and what his 17-year-old daughter brings home from a clerk's job in town. His doctor feels the man is medically eligible for an invalid pension, but he is disqualified by the value of property owned, although it is unsaleable and of no real value at the moment.

Apart from his medical problem, there is nothing particularly unusual about this woolgrower. Up to 20,000 Australian woolgrowers are in as bad an income or debt position. All these men are regarded officially as being so far into the red that they have little or no chance of recovery, whatever happens.

Not since the Depression years of the 1930s has the once-proud woolgrowing industry sagged under such a burden, comprised of massive debts, unsaleable properties, rising costs, mcgre and even negative farm

incomes and disastrously low wool prices.

In the 1970-71 wool selling season which ended in July average prices hit a 24-year low and the national wool cheque was the smallest for 21 years, even though Australia has more sheep than ever before in its history.

Half a million

Close to half a million Australians, scattered over all six States, are dependent upon wool for a living. Their investment in woolgrowing exceeds \$8,000m. and even in a decade of startling mineral development, wool represents about 18 per cent of Australia's national income. So far this century Australia's "golden fleece" has returned its backblocks Jaxons well over \$20,000m.

So the industry is no pocket handkerchief affair, easily replaced by nickel, bauxite or even iron ore. Nor is it one that Australia can afford to "carry" for the sake of the people involved.

Unfortunately for the Australian wool industry the root causes of its problems are complex and not understood by woolgrowers, or politicians. Few people acknowledge that pushed along by synthetics, the general economic tide has been running against wool for the best part of a decade.

The present crisis is thus more than merely a passing depression, caused by a 34 per cent. price downturn in two seasons, by the imposition of wheat production limitations on mcgre and in the wheat-sheep

zone (more than half the nation's wool properties), and by drought. These factors have merely accentuated a deeper malaise.

But there is no doubt about the dramatic nature of the crisis they have helped build. Declining farm incomes have served to increase the burden of debts assumed during brighter times. The wool industry's net farm income is estimated officially to have fallen from \$770m. in 1966-67 to \$450m. in 1969-70 and about \$280-\$300m. in 1970-71.

With the industry's estimated debt to institutional lenders alone up from \$980m. in 1966-67 to \$1,200m. in 1970-71, the debt position has moved from a situation in which debt represented one and a third times net farm income to a situation in which debt now accounts for more than four times net farm income.

To-day, in fact, every sheep in Australia carries, on average, a debt to institutional lenders of about \$6—a vast sum when the wool on the sheep's back is worth, on average, less than half this amount and sheep are changing hands for as little as a nominal 1 cent a head.

But it would be foolish to overestimate the scope and severity of the present wool crisis. Even in a land in which farmers are renowned for their flexibility and resilience, there is no industry more resilient than the Australian wool industry. To-day's situation is still far less severe than that which existed in the Depression and it is easy to be misled by "averages" and by broad

statistics.

If the available official information is studied in a rational manner, it would appear that half Australia's 100,000 woolgrowers do not yet have serious problems, although most of them may eventually face problems of a longer-term nature. Many of these men could, it would seem, survive even at today's grossly depressed wool prices.

The situation of the remainder of the nation's sheep properties is far less comfortable. From 5 to 10 per cent of properties appear to be in a hopeless position, with debts in excess of the owner's equity and with no prospect of regaining viability, with or without outside help. A further 20 to 30 per cent of wool properties are having serious difficulties of a debt or income nature, but might—with the right sort of help and some luck—pull through the immediate crisis.

Out of wool

It would be good commonsense to get those men facing impossible debt burdens (or whose properties are, for various reasons, unprofitable propositions) out of wool growing as quickly as possible. They would benefit and so would their neighbours. Reclamation efforts could then be concentrated upon those men with the ability and potential to survive.

But unfortunately neither woolgrower organisations nor the Commonwealth Government are prepared politically to show any enthusiasm for policies of rural depopulation. Instead

they are grasping at straws... seeking, by means of "temporary" subsidies and palliatives, to keep all woolgrowers on their properties.

In this month's budget, woolgrowers were given a subsidy designed to bring average receipts to 36 cents a pound compared with an average 29.34 cents a pound for the 1970-71 season. Subsidy policies are rationalised by claims that wool prices are expected to recover to a 40 cents a pound trend during the 1970s, give or take 10 per cent. There is no firm evidence to suggest any marked recovery from these price levels and it could be that 30 cents will be the future trend line, rather than 40 cents. If this should prove so, any wool support schemes based on the assumption of a price recovery must fail, or must become permanent subsidies.

Fortunately, however, there are industry leaders—including Australian Wool Board chairman Sir William Gunn—who recognise the nation now has too many woolgrowers and that the wool industry of the future must be based upon larger properties, fewer growers, larger flocks, reduced costs and the outturn of a product tailored to the needs of wool's customers.

Although forced to go along politically with the so-called "temporary" support measures urged by his emotional and understandably confused supporters, Sir William is attempting to focus the industry's attention on costs rather than prices. He believes the Australian wool

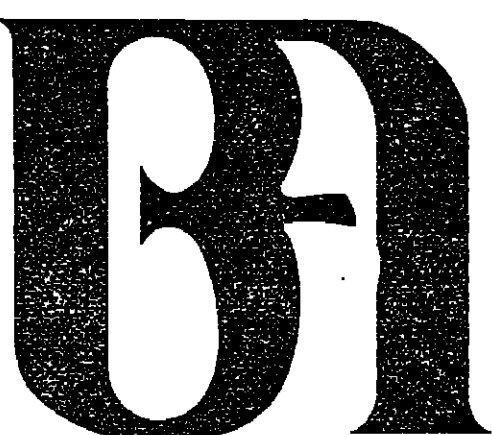
industry's salvation—if it is to be saved—lies in reducing costs rather than raising prices. Aided by a team of bright young back-room men at the Wool Board, he is hard at work putting together a whole series of interlocking schemes designed to reduce costs at almost every stage in the wool pipeline—but especially between the shearing shed and the wharf.

Unfortunately neither the nor politics are on Sir William's side. The wool industry has, historically been painfully slow to move. It has managed to shrug some of its conservatism in the last few years, but has substituted emotion for apathy at Sir William is going to have use all his famous persuasive powers to push through his plans before the industry is too weak to benefit.

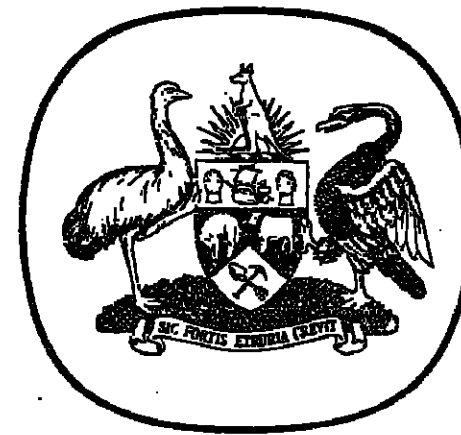
Sir William would have easier task had he enlightened leaders to back him. Unfortunately he walks almost alone in the industry political sphere and should he abdicate the post of industry progress would be to a crawl.

To-day the Australian woolgrowing industry is down on one knee. But it is far from finished. There will be a victory for as long as any can foresee... but it will be a smaller, less prosperous and differently structured industry to that of the last 180 years. How quickly, and how passively, the change comes about will depend largely on a few farsighted men like Sir William Gunn.

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صحة من الأصل

AUSTRALIA XV Meat is enjoying a boom

By GODFREY BROWN

Meat—and beef in particular—is the bright spot in an Australian farm scene which has been hard hit by the depressed state of the world market for wool, on which it has so long depended.

The meat industry in Australia, the eighth biggest meat producer in the world, is experiencing boom times, with output rising in volume and value, at a time when the country's agricultural sector as a whole is tending to contract.

Meat has already replaced wool as the country's most valuable rural product, and now beef alone has usurped the position formerly held by wool, thanks largely to a world beef shortage which has made the commodity a seller's market rewarded by high prices. As one of the world's top two beef and veal exporters, Australia has been able to take advantage of the substantial production drop and increase in domestic consumption of its main competitor, Argentina, which has reduced that country's export potential.

In Australia, by contrast, cattle numbers are at record levels, and still rising, while beef exports are earning record prices in its major market, the U.S., where the Australian product is particularly suited to the hamburger and manufacturing trade.

In a world that is hungry for meat, Australia is also opening up new markets, stimulated by special diversification schemes to lessen dependence on the U.S. market. The Soviet Union is one of the most notable of the new markets, taking some 6,000 tons of meat, of which 5,000 tons is beef and the balance mutton.

Romania is another buyer, as there are sales prospects in the Eastern bloc as a whole, here the lack of hard currency is believed to be the only obstacle to ordering the meat that is undoubtedly needed here. A small, selective but lucrative market is also opening in Sweden.

Australian meat goes to a host of countries throughout the world in Europe, North America, the Middle East and Far East, and the Pacific, though it still depends heavily on the U.S. and Canada, U.K. and Japan.

But while the overall situation is currently favorable, the future is not without one or two dark clouds. The biggest of these is without doubt the question of market access—whether Australian meat will be shut out from its markets by a protective wall built by the importing countries, many of which are also meat producers themselves.

The recent U.S. economic moves are a vivid and immediate example of the kind of thing that can happen, and although it now seems that most meat imports are, happily for Australia, excluded from the 10 per cent import surcharge (lamb is the main exception), until this became apparent, there must have been one or two missed heartbeats in the Australian meat export business.

As it is, shipments to the U.S. are limited by quota, as they are to Japan.

Britain, another of Australia's traditional markets for its meat, is also putting up barriers against imports and if it enters the EEC the barriers will be much higher than at present. The significance of Britain to Australia is that it is Australia's second most important market for beef, the most important outlet for lamb, offals and canned meat, and a growing market for mutton.

Since the beginning of July, the U.K. has operated a levy system on imports of beef, mutton and lamb, as part of a change in its method of farm support to bring it more in line with the EEC system.

External tariff

So far the continued high level of beef prices in the U.K. has meant the levy on beef has not been paid (it is designed to prevent the market being depressed by low-priced imports). But the levy on lamb is payable whatever the market price. Should Britain join the EEC, Australian meat exports to Britain will be faced with the EEC common external tariff of 20 per cent, plus a variable import levy.

The size of the levy will not be known in advance, making trading difficult if not impossible when the meat has to be shipped halfway round the world. Australians have long concluded that other markets will have to be developed to counter the possible loss or curtailment of their trade to the U.K.

The principal effect of Britain joining the EEC will probably be on Australia's lamb export business, and Australian trade



Shorthorn cattle at the Exmoor Downs property in South Australia.

officials privately wonder how long they can continue happily supplying lamb to Britain as an EEC member.

The difficulty with lamb is that the U.K. is the only world market of any consequence (Canada also imports Australian lamb but whether it is consumed there or re-exported to the U.S., itself a sizeable Australian lamb importer, is far from clear).

This is one reason why Australian producers who are fast switching out of wool where prices are the lowest for many years, are going straight into beef rather than meat-producing sheep whenever and wherever conditions permit.

The result has been a big expansion in cattle numbers, which reached a record 22.2m. head in March last year, 8 per cent higher than the previous year, and are now up to 24.4m. head, according to preliminary figures from the March, 1971, census. The expansion is entirely in beef: dairy cattle numbers having fallen slightly, reflecting the until recently over-production and depressed prices on the world dairy products market.

Trade experts maintain that Australia can comfortably increase its cattle herd to 30m. within 10 years to meet a demand for beef which is coming not only from the richer industrialised countries but also from the developing countries as living standards rise.

The scope for further expansion is tremendous—there are several million acres of land in Queensland known as the Brigalow

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Fruit faces hard times

By JOHN EDWARDS

The Australian fruit industry faces a difficult time if Britain decides to join the European Common Market. Although Australian producers of fruit, meat and dried fruit do export to the Common Market, the bulk of their output has traditionally gone to Britain, aided by a Commonwealth preferential treatment that has protected them from rival suppliers. Lost in the tough negotiations in Brussels has been any form of protection for fruit growers, both in Britain and Australia.

The biggest export item in terms of value is canned fruit, which Australia and South Africa virtually sharing the U.K. market, shutting out supplies from elsewhere. A presence of 12½ per cent duty helped build up Australia's need fruit sales in Britain, some 65 per cent of the total worth £15m a year. The picture could be very different with U.K. entry to the EEC. While Australian fruit does find its way to the Common Market, countries annexed apricots to Germany a strong line—it has to pay an external tariff of 25 per cent. In addition proposals for the EEC for high minimum prices on canned fruit make it a luxury priced until domestic supplies are sufficiently to meet demand.

Is the British who are big consumers of canned fruit, and inclusion of the U.K. in the Common Market with the loss of preference involved, would the market wide open for fruit from other suppliers—California from the outside, and more dangerously the Americans from within the Community.

With the canned fruit industry in Australia already in trouble as a result of the devaluation of sterling in 1967, it is difficult to charge an



Apricots being classed at the New South Wales cannery of Leeton Co-operative Cannery.

economic price for some years, the prospects for a recovery do not look all that bright.

There is a bit more optimism on the fresh fruit side. The bulk of Australia's fresh fruit exports are apples and pears sent to Britain, as well as various other fruits like oranges, etc. But the important point is that Australia, as a southern hemisphere producer, is able to send its crop of apples and pears in the "summer" months—February to August—at a time when European producers, even the Italians, are hardly producing any supplies.

However, the improvements in modern storing techniques of apples and pears, means that the "summer" season is being squeezed shorter and shorter, especially in view of the huge surpluses of supplies that the Italians and French fruit growers need to dispose of every year. Obviously, they will do their utmost to squeeze Australia totally out of the market, aided by import duties that vary according to the time of the year.

An equally severe threat to exports of Australian fruit, applied to any market, is the steep increase in the costs of shipping and packaging. The shipping lines are taking an increasingly tough attitude to charging "realistic" prices—that is, very much higher than present levels—and port charges in Britain are also rising at an alarming rate.

At the same time the somewhat disorganised marketing of Australian apples by independent growers and importers, in contrast to the marketing Boards selling South African and New Zealand fruit, means that on occasions Australian apples arrive at a time when the market is oversupplied or, as happened with pears this season, forward sales by growers at low prices failed to capitalise on a high-price market starved of supplies.

Meanwhile the Government has announced in the Budget it is to introduce a five-year "stabilisation plan" for the apple and pear industry, at an estimated cost in 1970-71 of \$3m. The details have still to be spelled out and it remains to be seen how far it can help overcome the industry's problems.

The prospects for Australian dried fruit exports, the bulk of which go to Britain, are equally unpromising. The collapse of the International Sultanas Agreement means that the world market has reverted to the free-for-all chaotic conditions that originally brought the demand for the kind of stability the Agreement tried to introduce. And Australia's biggest competitors are Turkey and Greece, both associate members of the EEC, which should enjoy a preferential advantage into Britain as a member of the Common Market.

This will be quite the reverse process of the present situation with Britain giving favoured treatment to Commonwealth supplies of dried fruit, while the superior quality of the Australian product enables it to receive a premium price. In future, if Britain joins the EEC, Australia may still get its premium price for dried fruit as a quality product, but this will be taken up by the extra duty involved and no longer benefit the Australian producer. Poor weather, resulting in low crops, has not been especially kind to most Australian fruit growers in the past few years, but Britain's entry into the EEC could well make things a lot worse, driving many of the small fruit growers out of business.

After this shake up the fruit growing industry will then be in a better position to look at the many other alternative markets available, but the rationalisation is likely to be a painful process.

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	W.A.	Aust.
Population	3.5%	1.9%
Average male weekly income	8.6%	6.5%
Employment	6.6%	3.7%
Building	22.9%	10.3%
Retail sales	10.1%	6.3%
Motor vehicle registrations	10.0%	4.2%
Overseas exports	22.0%	9.3%

For information and literature contact the Department of Industrial Development and Decentralisation, 32 St. George's Terrace, Perth, Western Australia. Postcode 6000.

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AUSTRALIA XVI

Militant unions win new strength

By MICHAEL SOUTHERN

It is widely acknowledged that 1970 was a bad year for industrial unrest in Australia. In that year there were 2,738 disputes involving 1.5m. workers, 2.3m. lost working days and an estimated \$A30m. in lost wages. On current performance, 1971 will be even worse. For the month of May alone, preliminary statistics show a loss of 648 working days and a wages loss of \$A10m. The first five months of this year have produced a loss of 1,207 working days, against 972 in the previous year. The total wage loss is \$A17.9m. against \$A12.1m. in 1970. What it has cost the country in lost production is another matter and no answer has yet been volunteered.

Developments so far this year have confirmed that the militancy of 1970 is not to be easily dissipated. They have also shown a new direction in strike action. Strikes are no longer reserved for bread-and-butter matters like wage claims and conditions. The Australian unionist has, under the guidance of the new leader, Mr. R. J. Hawke, president of the Australian Council of Trade Unions (ACTU), developed a social conscience.

Price Maintenance

It was union action rather than government direction which brought about an end to resale price maintenance. It happened because the ACTU itself had moved into the retailing business with a discount store in Melbourne, and Dunlop refused to supply unless RPM was observed on certain items. With Dunlop holding a virtual monopoly on clothing in this country, the ACTU position was clear cut. Black bans were placed on the company, Dunlop capitulated and shortly afterwards, the Federal Government legislated against RPM. It is now outlawed.

It was union action too which made life uncomfortable for the South African Springboks on their tour. They could not travel in normal air services but had to cover long distances in charter planes and go without many normal services. The expression of union objection to apartheid was also seen with action against South African ships in Australian ports.

But even with this expression of the new found conscience it was essentially economic matters which dominated the cause of industrial unrest last year and this. The unions are in a strong position, and know it. It is only in recent weeks that there has been a downturn in demand for labour, but it is slight and has not upset the basic fact that the Commonwealth Government's policy of full employment has brought about the imbalance between demand for labour and supply.

The ACTU and its affiliated unions are continuing their campaigns for collective bargaining outside the framework of the arbitration system and it is this fact, coupled with the competitive militancy of union leaders which is to be seen as the root cause of current unrest. Then again recent months have seen a new and disturbing trend in some industries, notably the motor industry, of shop stewards based on the English pattern setting themselves up and creating serious strikes independent of their unions. As yet, no one has found a cure for this problem, widely known as the "English disease."

Full employment has produced many pressures on the labour market. Australia has for many years been faced with a shortage of skilled tradesmen, and still is. The move towards capital intensive rather than labour intensive industries has not caught on, and in the chemicals industry which did

try, there has been a recession which is temporary in its nature but discouraging to any other industry considering becoming capital intensive. The other side of the picture is that Australia is lagging in its programme for training specialists and tradesmen, preferring to rely on its immigration programme to produce the instant work unit. As policies go even this is felt to have backfired, for immigration is now under criticism from economists and ecologists.

Whip hand

The government's continuance of a full employment policy has, then, been a mixed blessing, giving the whip hand to the unions as friction between employers and employed grows rather than diminishes.

The Australian trade unions have existed since the start of the century against the background of compulsory arbitration. There was a limited system of collective bargaining but the major determinations of basic pay, hours worked, standards of working conditions and leave have always been the province of the Arbitration Commission. Now, the unions are placing more and more emphasis on collective bargaining in spite of a lack of expertise, or even a basic set of rules to work from. Employers constantly complain that unions come back quickly for more once some sort of settlement has been reached rather than give a trouble-free contract for a fixed period of two or three years.

It is arguable that collective bargaining can exist with the arbitration system. Late last year, the arbitration court gave a 6 per cent. wage increase. For some workers, this was only an increase. For many, this was a bonus on top of rates already established with collec-

tive bargaining, or since argued Employers themselves, only willing to capitulate in many cases, are being caught in the vicious circle of rising labour costs.

But there have been various instances of collective bargaining situations being resolved by arbitration—in some cases the initiative of the arbitral courts. This implies that perhaps there is room for both.

One major issue still unresolved is that of the penalties and fines resulting from this. Included in the Arbitration Act was a set of sanctions providing penalties for breaches awarded by unions or employer Unions, determined to preserve their right to strike, found the penalties were a heavy burden, with fines of up to \$1,000 a day possible. It was in 1969 that the challenges to the clauses came, resulting in the gaoling of a union official and a long-standing argument over the payment of substantial fines that has led to showdown with the Government that has been dramatic to say the least but are still unresolved.

Under the leadership of Mr. Hawke, the unions have found a new life and a new purpose. There have been amalgamations such as that between the engineers, the boilermakers and others into powerful Amalgamated Metals Workers Union, resulting in power blocks with a drive to be influential on the Government and the economy as the large corporations. The political ambitions of the unions are not fully clear. While there is little doubt that they would prefer a Labour Government the unions have learned in recent times that the real power in Australia does not rest in Canberra, and that one can change the course of events and influence major decisions from a power base outside Government.

Livelier Press loses its optimism

By a Correspondent

All the optimism of the newspaper industry that we saw earlier this year is gone. Where proprietors once talked of rising circulation and extra staff, the recent economic downturn in Australia has left in its wake reduced circulations, economy measures of the usual kind (mostly sackings) and fierce competition among the major papers for both readers and advertising.

It could be that there have been too many new papers too soon; the start of the year saw the National Times start in the Fairfax stable, and the Sunday Australian from the Murdoch stable. Meanwhile, Mr. Gordon Barton closed down his Sunday Observer in Melbourne, and the paper's cause was taken up by the young newspaper empire being founded by Mr. Maxwell Newton (who, like the others, has had his own problems and has seen several of his publications disappear). It is not that people are finding television more satisfying—indeed, Australian commercial television still ranks as the most dull, unimaginative stuff on screen. Part of the circulation drop has come as a reaction to higher newspaper prices, coupled with the fact that there were suddenly more papers to buy.

The slowdown on the stock exchanges, the end of the mining boom and the tightening in the liquidity situation have been major factors in the circulation and advertising drop-off. But it is basically regarded as a temporary aberration. What is worrying is that the recovery period is taking longer than most hoped for.

Editorially, the Australian Press is essentially middle class and right wing. Only The Australian stood as a radical paper (unless one takes Gordon Barton's "Review" seriously), and its future as such is now in question following the changes in editorship. Essentially, Australian metropolitan papers provide a basic though often sterile news coverage of world, national and local events. In the last year, editorial policy has been much more

lively particularly in the political field where the Government was hardly being challenged by the Opposition, and so the newspapers took on the opposition role. The Australian in particular was strong here, so was the Melbourne Age, both papers demanding the resignation of Prime Minister Mr. John Gorton; both taking firm stands on the Springbok's tour. The new Prime Minister finds little comfort in either.

Australian content

But just as the papers are lively and getting more so, commercial television is bad and getting worse. At present, it is an industry in turmoil over arguments about the Australian content of the programmes (the station owners prefer to simply show films as the main programme each night). The difficulty lies in the fact that Australian programmes are not very good and mostly about cops and robbers or kangaroos.

The Australian Broadcasting Commission, for its part, is a pale imitation of the BBC. Its political coverage is governed by a rule that both sides must be represented: so when the opposite view to any question is not available, then that question is not discussed at all. But it does offer the only real news and current affairs coverage on television to-day: it has produced a few local programmes of international standard but really thrives as the outlet for the BBC programmes.

Despite their intellectual poverty, the commercial tele-

vision people have been making inroads into newspaper circulations and advertising. The advent of colour television (in this reluctant Government and group of reluctant station owners ever to allow it) will bite even more. On the advertising side, television's impact over the nine-year period from 1961 to 1969 has been great. Of the \$A193.9m. spent in advertising in 1969 TV took 15 per cent., print 61 per cent. and radio 11 per cent. In 1969, of the \$A376m. spent, television was up to 24 per cent., print back to 54 per cent. and radio more or less static at 10 per cent. Basic forecasts for the future indicate that by 1975 when some \$A960m. will be spent by advertisers, the print share will be 52 per cent., television 30 per cent. and radio static still at 10 per cent.

In the latest debate about Australian commercial television, and the push by local actors and producers for more of their programmes, the issue of ownership has once again been raised. This is a difficult problem. The bulk of Australian communications is tied up in three major empires—Fairfax, Packer and Murdoch. In particular, the Fairfax group and Packer's Consolidated Press control a great deal of the mass media both directly and through their shareholdings in other companies. And, unlike the British operators, the licences are not up for periodic review nor are their ideas of what makes good television programmes questioned by the Government or any other statutory authority.

Disturbing trends

While the Australian newspaper industry is noted for its comparative stability in circulation figures, there are some disturbing trends developing. The Sydney Herald, for instance, has seen its circulation drop from 298,000 at March 31 last year to 279,000 at March 31 this year. Over a ten-year period, that paper has seen a circulation drop-off of 1 per cent. at a time when all the other morning dailies in Sydney progressed—the Telegraph by 10 per cent., the Financial Review by 75 per cent. The Sydney Daily Telegraph is now selling around 321,000, against 343,000 in March of last year.

Murdoch's Australian, on a national daily basis, is difficult to assess. At one point it hit 144,000; now, News Ltd. people talk of a figure used "on and off" of around 140,000. This would be rather high at present, but the reluctance of the group to issue a figure makes even a



Tuna fishing off the New South Wales coast.

AUSTRALIA XVII

On this and the following page, aspects of the country's secondary industry sector are discussed. The article immediately below considers the effects of tariff changes.

Radical new thinking on protectionism

By DESMOND KEEGAN

Secondary industry has long been a source of controversy in Australia, but planned tariff reviews could put the country on an attractive growth trend if Canberra follows the Tariff Board's present thinking.

The Tariff Board has already been strongly attacked for taking the relatively mild position that a systematic review of protection be instituted. And few would deny that Australia's economic growth rate has been less than dramatic over the past generation.

Early 1930's

At base the slow growth rate rests on a jumble of protected industries and preferences springing from the depths of boom in the early 1930s. Australia attained a superficially fair growth rate on world standards in the post-war years but closer examination shows massive migration and price inflation on the edge of real per capita growth.

Now, perhaps for the first time in a generation, Australia faces a strong period of growth based on efforts to restructure a economy and on secondary industries drawing on the country's vast raw material wealth. The restructuring by mummifying protection in sectors little justification will be met by a strong foreign reserve position. The old argument that marginally efficient industry saves foreign exchange as a lot of its validity in a country which has enough gold to last for six months of imports. Some Australian economists are also questioning the ze of handouts given to rural ports which have been past twards on the foreign exchange scene.

Not that the entire secondary industrial spectrum is inefficient world standards. Many

Australian companies have broken convincingly into world markets and others are turning to the export market.

The rays of light emerging simultaneously on the industrial scene derive partly from Government agencies and to a greater extent from soundly-based economic factors.

The Federal Government (with elements of the Country Party opposing) has fired the first shots in a campaign to soften the community up for the proposed industrial tariff changes. On August 9 the Federal Government's ban on resale price maintenance began.

Massive demands for capital in highly-profitable raw material industries has begun to siphon off available funds from less efficient industries. Pollution in crowded northern hemisphere nations has set the stage for a great deal of processing and upgrading in Australia's still wide open spaces.

The period to 1980 may prove a testing time for many industries if the review programmes foreshadowed by the Tariff Board is initiated and if the Government actually implements the findings in its economic policies. The Board wants to provide a basis for the most effective allocation of resources within the economy. And, naturally, this implies a lot of reallocation of resources between manufacturing sectors and between those sectors and primary and mining areas. No serious economist expects this to take place overnight but most observers at least hope for an end to the chorus of pleas for protection in small, inefficient industries which have long kept Australian productivity low on world standards.

This has a profound implication for the future because manufacturing industry absorbs about 15m. of the nation's

total labour force (nearly 6m.). Since the inflation is mainly cost-push erosion employers will be loath to easily grant wage increases unrelated to productivity. Local and import competition will prevent employers passing on wage rises as they have done with impunity for generations (the 1960 credit squeeze era excepted).

A further implication of discipline in wages and prices is that the big raw material industries will be able to bid labour and other resources (capital, especially) away from the industries unsuited to the Australian economy.

Vast steel mills based on exports and located at Westernport Bay, Vic., Jervis Bay, NSW, and Geraldton or Kwinana, WA, are among the labour intensive industries which will absorb labour and resources in this country between now and the 1980s. Australia will be producing about 10m. tons of steel before 1975 and another \$1,000m. steelworks will be built on the eastern seaboard with, perhaps, a similar export-based facility in Western Australia. These are based on export trade and will be built by international consortia.

It is these profitable market-oriented industries which will provide the outlet for capital now seeking refuge in protection havens sheltered behind billion-dollar tariff walls.

Cheap power

There is also sound reason to hope that processing industries based on cheap (natural gas) power could spring up in remote places such as Port Hedland, Geraldton, Weipa and the alumina-bauxite scheme on the Admiralty Gulf (AMAX). This is in line with the Pacific Rim evolution where the major emphasis of Japan's exports in the early 1970s will change from steel and motor cars to sophisticated technical equipment like computers. If Japan's growth rate continues around 10 per cent. a year, the demand for Australian raw materials will increase between 10 and 15 per cent. a year. Since a lot of this

material will be highly processed, Australia will scarcely be able to waste its capital on industries like textiles, shoes, white goods and other products which can be brought in at a fraction of the cost of Australian produced goods.

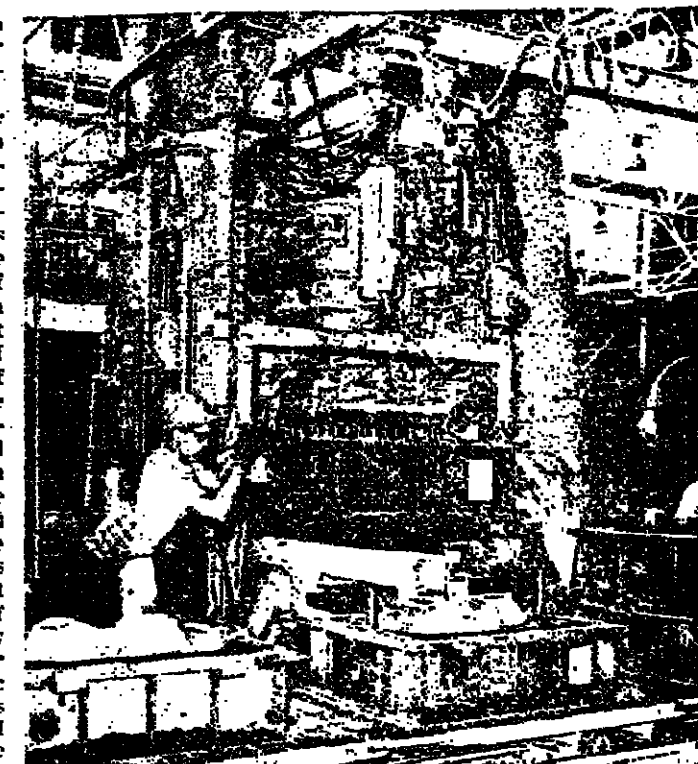
It is also argued that the "investment allowances" dropped by the Government in the 1970 budget should be reintroduced. But, the reasoning goes, only those industries which can live on unprotected world markets should attract this allowance.

Trade surplus

There is no real fear that Australia will suffer by running a trade surplus with Japan. The Japanese have a highly favourable trade balance with many countries (up to the time of secondary industry in favour of float)—particularly the U.S.—and it accepts the Australian trade balance as natural and an economic fact of life. Australia can hope to reap about a three-to-one benefit by upgrading from straight raw material shipments to processing. This has a large potentially favourable balance of payments implication

but its real impact will tend to rest on its significance for economic growth and development.

Australia has done very poorly in per capita growth terms even if the rapid population boom has maintained aggregate economic growth at internationally respectable levels over the last 20 years. The potential contribution of mineral processing to per capita national growth is vast. It flows from the capital nature of mineral handling, economies of scale of a technological nature and the development of world-wide mineral markets. Mineral processing provides not only an economic potential for balance of payments growth but a nucleus of industrialisation. The degree to which Australia draws resources out of inefficient secondary industry in favour of sophisticated upgrading in raw materials will prove one of the determinants of its economic growth. And the Government's pricing policies on exports will also have a large bearing on the nation's growth. To date the Government has not worked out even the beginnings of such a policy.



Engine moulds on the production line at Chrysler Australia's plant at Lonsdale, South Australia.

The motor industry and Japan

By MICHAEL SOUTHERN

There never were quite so many new models on the market at once. A new Chrysler range (with another range to come), the new group of 13 Holden, Ford's new Cortina, BMC starting its contribution with the mini Clubman. Happily for the industry, the new cars have stimulated a little more buying interest, in spite of prices increases, and some of the gloom that hangs over the local manufacturers is beginning to lift.

But there is one cloud over the whole Australian motor industry that cannot be shifted—Japan. Indeed, if tariffs are ever reduced, it could become a deluge of imports that will seriously damage local makers. In the last financial year, of the 67,000 cars imported 51 per cent. (34,000) came from Japan. Added to this was a small number of Japanese cars locally assembled. With this, the Japanese have now become the third supplier of vehicles to the market, outstripping British Leyland and Chrysler and now, with some 18 per cent. of registrations last July, challenging Ford for second place in the local market.

In local sales, General Motors-Holden is still the leader, with a six-month average of 33 per cent. of the market up to June this year, and around 35 per

cent. of the market in June itself. The new model's appeal has still to be gauged, and the 35 per cent. figure is slightly here into a smaller but profitable market share by importing and only assembling here. The aware of the export potential of local market is now in the order of some half a million vehicles a year.

In the year to the end of June local makers produced 319,974 cars and 54,000 station wagons. The rest was made up of imports. In making cars here, manufacturers are faced with high tooling costs and short runs, so that new models usually mean a minor facelift to last year's car rather than a totally new design such as is apparent in the recent releases.

Export base

But Australia has proved worthwhile as a base from which to export, mostly to New Zealand, South Africa, the Pacific Basin, the Asian countries and the West Indies. More recently markets for Australian cars have begun to open in Europe and Britain. Ford of Australia has a chain of 30 dealers in Britain for its bigger cars; Chrysler has been exporting Vallants, and selling them at prices which make Jaguars look inexpensive.

In the last year, around 12 per cent. of locally made cars

have been exported—a percentage which some manufacturers say is higher than the Japanese equivalent. And the companies able market share by importing and only assembling here. The aware of the export potential of local market is now in the order of some half a million vehicles a year.

In the last financial year, motor car and station wagon exports were worth \$A59.7m., while accessories and spare parts added a further \$A34m. to the total. In all, cars, parts, trucks, ambulances, fire engines and other road vehicles were worth \$A111.7m.

Just how important this market is to local manufacturers is indicated in the new Holden range. The top end of the range is simply marked as General Motors. There is no trace of the Holden name on it at all, indicating the first move to internationalism here. Since General Motors began to export Holdens in 1954, it has earned \$234.6m. overseas. G.M. now exports around 17 per cent. of its production.

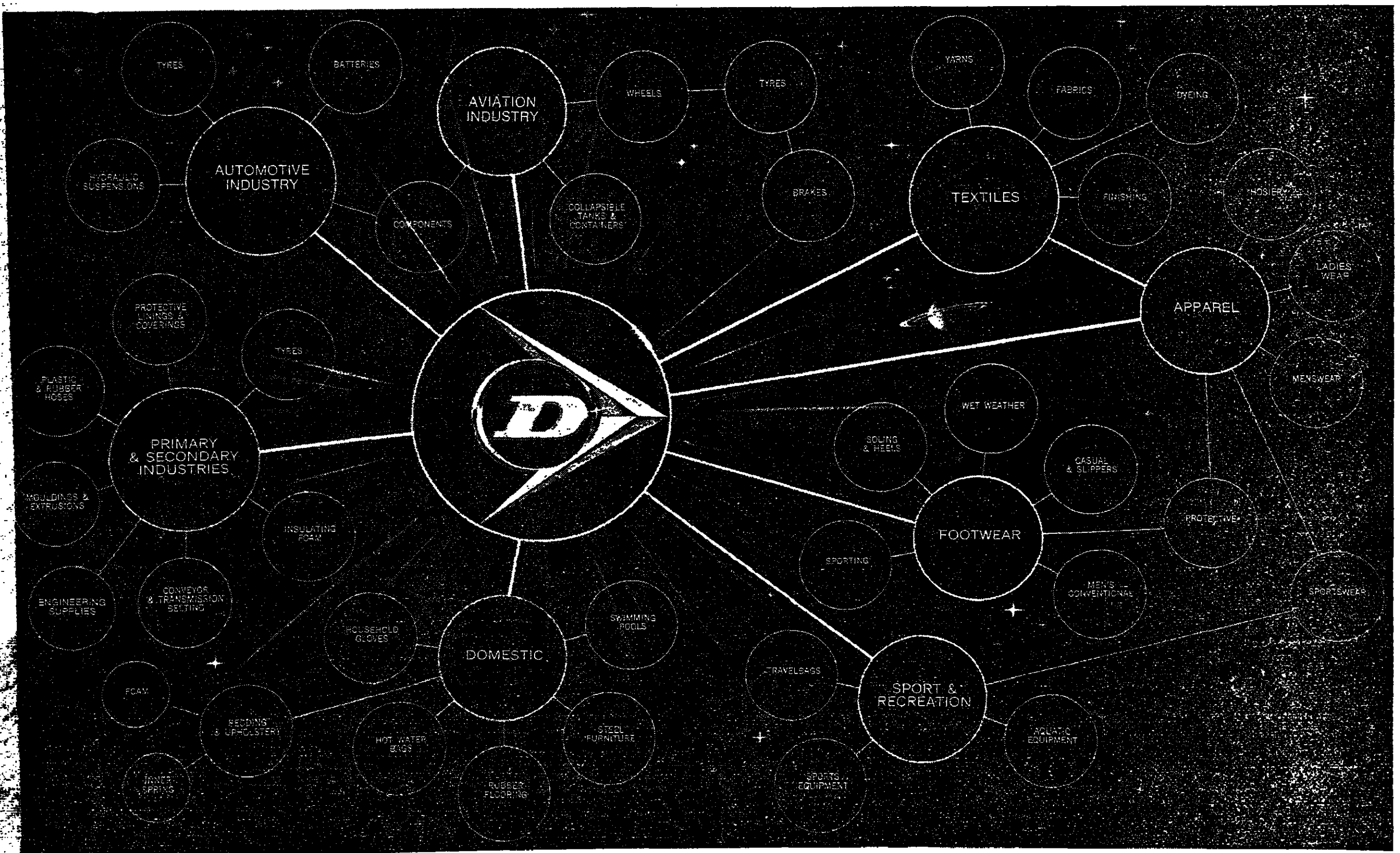
Ford began to export ten years ago, and has earned \$A100m. in that time as a result. That company now exports 20 per cent. of its local production. BMC exports 17 per cent. of its production. Chrysler last

year exported 10 per cent. of its production and earned around \$8.5m.

The Americans are preparing to meet the Japanese challenge by joining them. Chrysler and GM each have Japanese affiliates and the results of the Chrysler deal will be seen soon when the Colt-Galant range, based on Mitsubishi cars, is released. These deals could have important ramifications for both Australia and England particularly if, as has been suggested, some of the companies begin to switch their sources of supply from Britain to Japan. Ford is talking with Toyo Kogyo while the only BMC affiliations at present stem from an assembly deal with Toyota through a subsidiary company.

In meeting the challenge locally, the most significant development appears to be an agreement by the companies on common design of certain parts such as axles. This will result in a cost benefit for the manufacturers and make life a great deal easier for the outside components industry which will be enabled to provide all companies from common moulds and designs, and let the car makers themselves do any fancy trimmings that are required. It means that some will need to share their designs of axles and gear-boxes.

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Issued Capital	\$ 41,201,102	\$ 70,815,060
Shareholders' Funds	\$ 71,915,462	\$101,630,680
Gross Assets	\$105,545,358	\$237,545,446
Total Sales	\$197,521,398	\$327,014,434
Net Profit After Tax	\$ 3,502,898	\$ 12,328,435
Dividend Rate	8%	11%
Number of Shareholders	11,000	41,600
Number of Employees	11,830	25,500

AUSTRALIA XIX

The vast distances and relatively sparse population make transport links vital to the country. The next five articles deal with different aspects of physical communications for the sub-continent.

Transport network still spread thinly

By MICHAEL SOUTHERN

It's a long way to anywhere in Australia. Distance is the factor which dominates, and has done more to shape the way of life in this country than any other single factor. There are 13m. people spread over 3m. square miles and around a 12,000-mile-long coast line.

There are new towns developing that are not accessible overland, and are reached only by plane or the long sea route around the coast.

The communications problem, in European terms, is that of having adequate facilities to serve cities as far apart as London and Moscow and the Mediterranean and Scandinavia without having the population to pay for it.

This has in turn been part of the reason for the urbanisation of Australia, where the bulk of the population occupies a comparatively small area of land, and its cities are vast sprawling cities of homes and industries which, because of the sheer cost of transportation to the major markets, cannot decentralise.

And, as has been recently pointed out, any variation in transport costs has enormous effects on the economy. Thus, a 2 cent gallon excise increase in fuel has set off a round of increases in transportation costs in a first of which was reflected in a 64 per cent rise in air fares. In time, the burden will

reflect itself through to retail prices. In the last financial year, gross fixed capital expenditure on new assets in the field of aviation, roads, railways and other transport and communications totalled \$1,025m., just over one third of the total \$2,901m. figure.

Rail system

Yet, even this sort of massive investment does not show a great deal when spread so widely. Of its 561,000 miles of roads, only one fifth is sealed and barely 2 per cent of that is dual carriageway. The result is delay and a high road toll, which costs the nation more than \$380m. each year. The problem of the roads is heightened by the fact that in the face of what is generally regarded as a high cost rail system there has been an enormous development in the bulk road freight business, now worth more than \$500m. a year as all sorts of large sophisticated vehicles are used to meet the company promises of overnight delivery between the eastern capitals.

Some are looking at the advantages of linking their road operations to the standard rail link from east to west and the use of containerised packing. Thomas National Transport is already renting trains for this purpose.

Airlines have developed a vast network of routes, between capital cities and to the remote areas of the country. But they too are faced with the eternal problem of rising costs of the new equipment that the distances and travellers demand, and the costs of running them. In some routes, the switch from turbo prop aircraft to pure jets has been reversed, or delayed as the rising cost factor was added to by the declining rural income and, thus, declining demand.

But the real problem is that of the railways. They developed prior to World War I in a great construction boom, based around the patterns of different gauges in different States. Only in the past two years has the uniform gauge linked Perth in the West to Melbourne, Sydney and Brisbane. Then, between the years 1920 to 1950 came a phase that has aptly been described as "creeping obsolescence" as rail services deteriorated to the point of being uneconomical. The railways took the brunt of the depression years played on the various State budgets. The economies took the brunt of the depression years played on the various State budgets.

Over the past two decades postal and telecommunications—there has been evidence of rejuvenation brought about by the standardisation, the new and more efficient rolling stock that diesel offered, and the closure

of some uneconomic stretches. At the same time, the competition from other transport facilities has increased: air in particular has taken a great deal of the passenger traffic, though on the really long distance runs such as Sydney-Perth, where air fares are high and comfort standards low, the railways are running full trains, booked well ahead. In the urban areas, development has been slow in spite of the increased demands by the growing populations. Melbourne is to build an Underground system; Sydney's suburban train system is primitive to say the best, with uncomfortable and outdated rolling stock. At the same time railways, like other transport forms, suffer enormously from inflation and more than the others in wage rises because of their high staffing requirements. In spite of the cheer of recent years, it would be foolish to suggest anything else other than the fact that there are inadequate resources for maintenance of existing systems, let alone expansion.

No guarantee

Other communication forms—postal and telecommunications—are reputed by the Post Office to rank among the best in the world. But it is an expensive service and not necessarily as efficient as the Post Office might

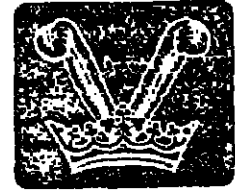
claim. The cost factor is again important, particularly now that money is tight. The increased pressure that the Post Office is putting on its telecommunications users for payment is rude and merciless: the improvements in service negligible. To have letters delivered quickly one now has to pay a vast premium and even that is no guarantee.

The telephone network is lagging sadly behind demand, though those who have them have access to a vast subscriber trunk dialling network that covers much of the nation. But the Post Office philosophy on telephones is spelt out by the director general, Sir John Knott, in the Melbourne Age of July 28. "Simply to add new customers to the network by providing them with a telephone and a line to their local exchange is to invite chaos—the sort of chaos that has been experienced in major cities overseas like New York where some cities claimed that the telephone system had almost ground to a stop."

Telecommunications here is an industry that demands vast capital expenditure. In 1970-71 it totalled \$322m., for 1971-72 the budget allowance is \$347m. So far, well over \$2,000m. has been spent on telecommunications. At least that much again is the requirement for the next five years.

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New port developments for specialised uses

by a Correspondent

One of the most important developments to come from the Australian minerals boom has, in the north of the country, been the redevelopment of old ports and the construction of new ones. The coastline from Dampier in Queensland north to Dampier in Western Australia has seen remarkable change as the new mining towns have developed, or are being built, to accommodate super size ships that are exporting the ores from these areas to foreign or Australian markets.

Ladstone has become the spring point for Queensland's iron ore, with a minimum of 2m. tons per year and an output of 18m. tons per year. New ships to take 100,000 d.w.t. are under construction, as developed for Comalco's site mine, is already the d's biggest bauxite port, lifting 5m. tons a year and duplicated so that by the end of next year it can double capacity and handle 90,000 ships. Across the Gulf of Carpentaria lies Gove, a port again for shipment of alumina, which has begun, alumina which will be used some time next year, it is designed for 60 d.w.t. ships. At Darwin, the port is being redesigned at a cost of \$18m., Yampi

Sound is to be expanded to take 100,000 d.w.t. ships. Port Hedland has become the centre for iron ores from Mount Newman and Mount Goldsworthy, handling shipments of 19m. tons and is designed to cope with 40m. tons by 1975. Dampier is a privately developed port for Hamersley Iron, again with a capacity for 100,000 d.w.t. ships.

Cape Lambert is perhaps the most ambitious for, when finished, it will provide two bulk loading berths at the end of a mile and a half-long jetty with a capacity for 15,000 d.w.t. vessels.

Yet, in spite of this rash of development in the north, and the plans for enormous expansion at Botany Bay to the south of Sydney, there has been a great deal of concern about whether the developments will be able to cope with the increased trade that is expected over the next decade. The northern ports are specialist affairs, some privately owned and of little real use at this stage of the north's development to anyone but the companies which have built them and use them.

But trade with Japan alone will increase fourfold in the next ten years, and the Japanese in particular have raised doubts about future capacity. As they see their future trade with this country, a programme to im-

prove facilities so that a capacity of 3,380m. tons can be handled by the mid-1970s is required here.

The bulk of current development in the south lies in dredging and improving existing port facilities rather than planning new ones. In NSW for instance there is a \$23m. improvement programme under way. This concept of making existing city ports bigger has been the subject of a great deal of criticism as four or five major ports become bigger and bigger, adding further to problems that have begun to develop of overcrowding and the transport handicaps that arise as a result.

General cargo

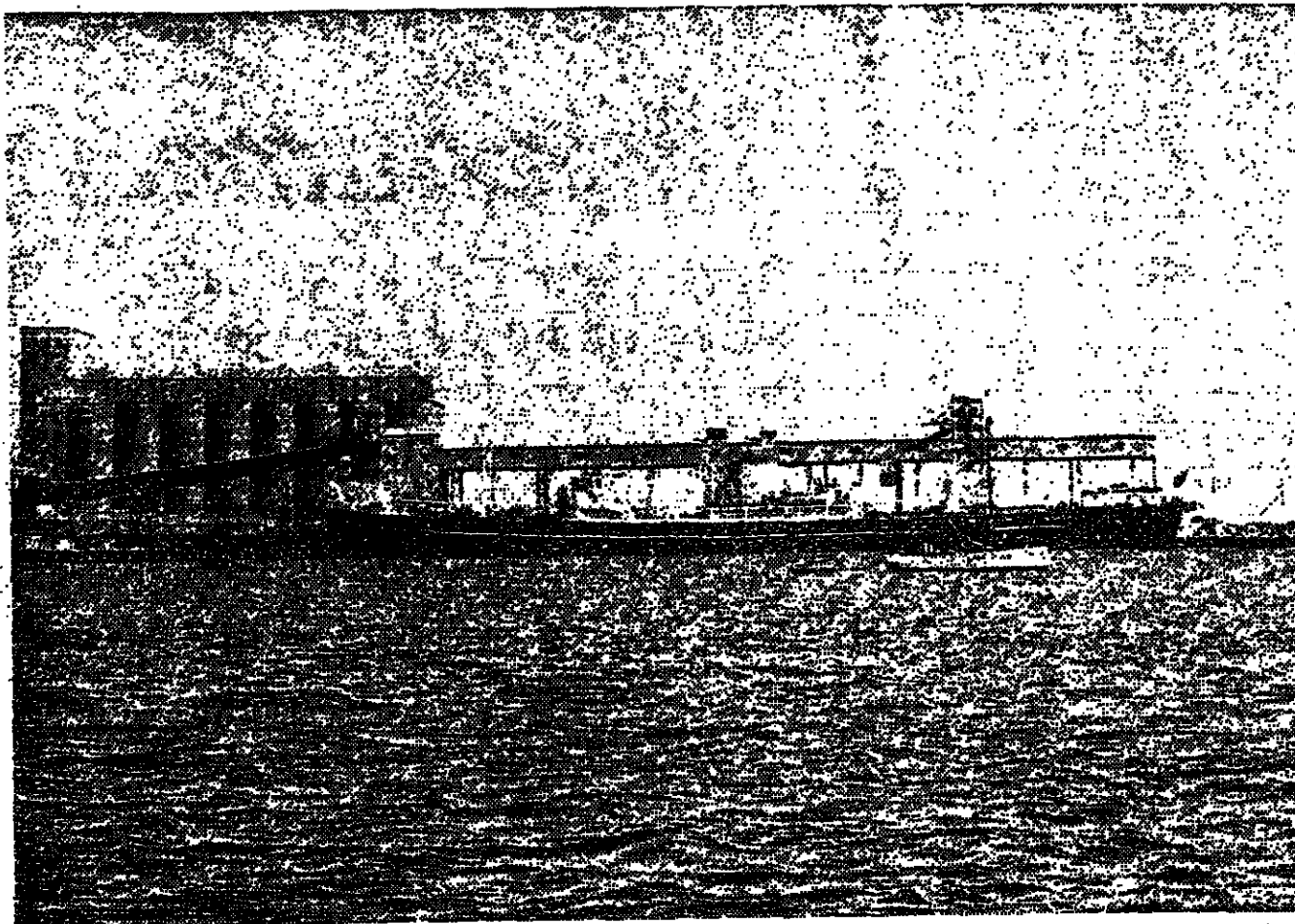
While the Botany Bay project, which will cost \$85m., is for a virtual new port, the concept is simply that of an extension of an existing port close to a metropolitan area. When this port is fully developed by the mid-1980s it will be able to cope with ships up to 200,000 d.w.t. and have the first single point mooring system in Australia to serve its liquid use of deep sea container vessels cargo terminal. Its capacity for handling cargo will reach 15m. tons a year by the end of this decade, and the nature of the cargo will have changed from oil which dominates the port use at present and a small amount

of chemicals to a more general nature of grains, concrete materials and steel.

The real problem to be faced however is that of a deepwater container port. It is becoming clear that neither the existing clear nor projected developments at Sydney or Melbourne will be able to cope with the super size container ships of the future without enormous redevelopment and capital expenditure. Equally, the \$7.5m. developments for a "super port" at Port Lincoln in South Australia and the proposed 100,000 d.w.t. plan for either Wallaroo or Ardrossan in that state will not suffice.

One proposition which has been made, and lobbied with some intensity around Australia and London, is for the development of a container port at Port Huon in Tasmania.

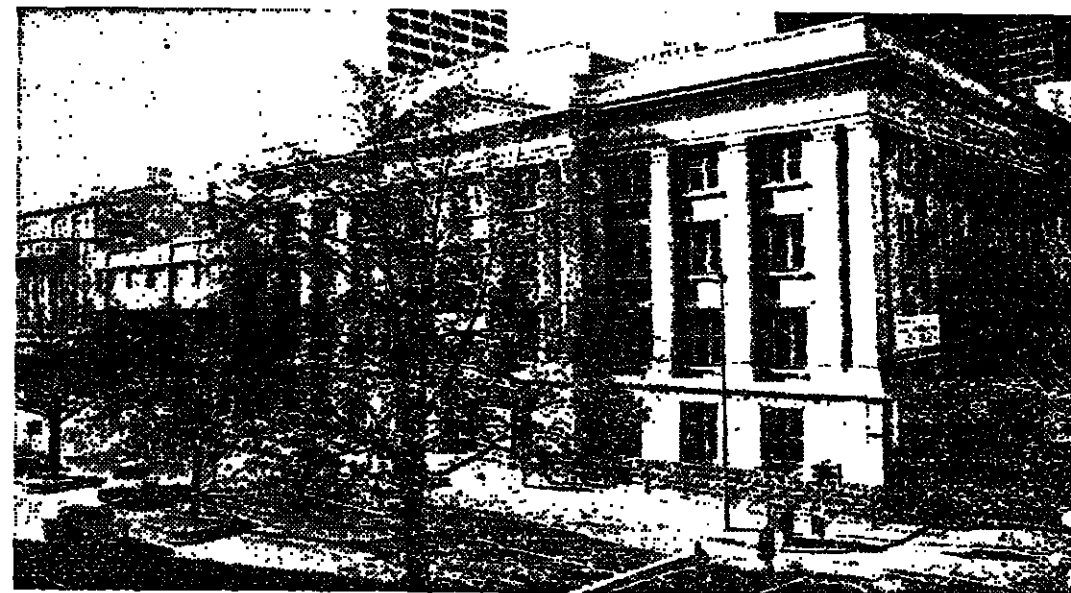
The argument is that this area in southern Tasmania could readily handle the requirements of a master container port from which the new generations of container ships could offload to smaller vessels which would then serve the Australian coast in line. The case presupposes the use of deep sea container vessels of 70,000 d.w.t. and claims the advantages of a natural deepwater harbour that is well sheltered. As yet, this proposal has received little support apart from that of the Tasmanian Government.



grain handling port at Geraldton, Western Australia.

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AUSTRALIA XX

Shipping goes through a difficult period

By GRAHAM KAVENAGH

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TENDER FOR COMPUTER EQUIPMENT, AUSTRALIA

GENERAL:

Philips Industries Limited in Australia is embarking on a major EDP development program and tenders are invited for the supply of computer equipment for the first phase of this, the installation of a major system in Sydney, Australia.

The applications include manufacturing, control, order processing, general commercial processing and to develop manufacturing and commercial data bases.

To achieve these objectives, the company plans to install a suitable computer system which is detailed in the hardware specification. We are seeking a supplier who is able to supply, support and maintain the equipment specified and who can demonstrate this capability.

SPECIFICATIONS:

Central Processing Unit—of about 250,000 bytes of main storage with growth to at least 500,000 bytes of main storage. The unit proposed should be compatible with a full range of larger systems for future growth.

Magnetic Disk Files—a minimum of 350 million characters of on-line storage is required with provision for expansion to 700 million characters of on-line storage.

LINE Printers—Two 600 LPM printers—132 characters/line minimum.
Card Reader—minimum rated speed 500 cpm.

Card Punch and Printer—capable of punching data into standard 80 column punch cards and printing data on the card all under program control. The equipment must be capable of printing at least 1,000 characters of data on a card.

Optical Reader—Capable of reading journal rolls and cut forms. Fonts must include NOF, OCR-A, Farrington and numeric handwriting.

Data entry and Retrieval System—Two types of systems are required:—

1. Remote key entry systems connected on-line to the central computer which is giving operator guidance. The terminal equipment must be capable of providing independently controlled hardcopy output.

Tenders close 11th October, 1971, and should be submitted in writing to:—
D. W. Furini, ISA Manager—Sydney, Philips Industries Limited,
95 York Street, Sydney, NSW 2000, Australia.Enquiries may be directed to:—
D. W. Furini, Sydney (Australia). Phone No. 20 223.

from the edited and processed data. Suitable printers on such a system should be capable of a minimum speed of 30 LPM or 40 CPS.

Numbers required are—60 keyboards and guidance systems and 19 printers. Up to 8 locations would be multidropped on a single 2400 baud line.

2. A data collection and communication system suitable for use in a manufacturing or warehousing environment. The equipment must be able to operate as a stand-alone system and/or connected to the central processor and central data base. Terminals on the system must be able to collect data from punched cards, identification badges, manual keyboard entry and digital devices such as scales or counters: the system must also support multiple printers and units for operator guidance. The system should be able to support up to 40 stations over an area of at least 1 square mile.

Program testing and simulation for the system must be able to be done on the central computer system.

Tenders should detail terminal equipment performance and support offered for connection to both the Australian Post Office Common User Data Network and multidropped on a single 2400 baud leased line.

SOFTWARE:

Details of operating systems providing full multiprogramming and teleprocessing support should be included in submissions. Only equipment which has full software support should be tendered. Details of FORTRAN and ANS COBOL compilers should also be included.

DEMONSTRATIONS:

All equipment or software proposed must be able to be demonstrated. Tenders should detail current installations in Australia available for systems development, back-up and pre-installation testing.

As installations are upgraded in Melbourne, Adelaide and possibly established in Perth, tenders should detail smaller, but fully compatible computer equipment and the support and back-up available for these locations.

Spiralling freight rates, industrial disruption, a challenge by wool exporters to the conference system and increased sophistication of vessels serving Australia's overseas trade: these are the main issues of a relatively stormy period for the Australian shipping industry.

Development of the industry has been characterised by the vast penetration of containers into all overseas trade routes. Around the Australian coast it has been forecast that the last conventional ship of break-bulk cargo handling will disappear by 1980.

In the Australia-to-Europe trade, the fleet of container ships has grown to 13 with only one more to come—that of the Italian line Lloyd Triestino. To Japan, the Australia Japan Container Line, managed by Overseas Containers, has put its two container ships on co-ordinated schedules and cargo pooling with those of the three Japanese container ship owners, Nippon Yusen Kaisha, Yamashita Shinnihon and Japan Australia Line.

Also on the Japan run is the Australian National Line initiated Eastern Seaward Service. In the past 12 months the ESS fleet has grown to three vessels. The newest, owned by Flinders Shipping of Melbourne, returned the Australian flag to private enterprise shipping after a 50-year absence. Now the ANL is pressing for a fourth ship from Japanese owners to make the ESS vehicle deck container ships a joint Australia-Japan service.

On the cargo route to the east coast of North America, the first two of 12 container ships have emerged and the conventional fleet is dwindling. On the U.S. west coast trade, two of three 20,300-ton roll-on, roll-off vessels are now in service with Pacific Far East Line, which assumed control of Matson's service, upgrading tonnage in preparation for two container ships or perhaps a LASH (lighter aboard ship) vessel.

Containers have won the battle for acceptance in Australia. Even facilities which, with hindsight, can be criticised for inadequacy are no longer

under the hammer of public outcry. Rather, this outcry has been directed at a spate of freight rate increases on all trade routes, which have been cited by trade groups such as the Export Development Group of NSW as the biggest frustration to the growth of Australia's overseas trade. Overall, Australia's transport bill to overseas markets has gone up between 15 and 20 per cent. in the past 12 months with little indication, as in any other part of the world, that an end to the spiralling freight charges is in sight.

It was in this area that the Australian Wool Board, urged along by an industry bogged in the despair of unprofitability, directed a fury it knew could not be misspent. As a result of threats of an outsider service, shipowners on the Europe run agreed to hold prices for the 1971-72 season after general cargo exporters had agreed to a 15.75 per cent. rise.

U.S. trade

In the trade to the U.S. east coast, where now only 80,000 bales are shipped a year as against 200,000 several years ago, the Board is fighting a threatened 25 per cent. increase in freight charges. It has strongly maintained it will go "outside," and discussions are believed to be under way with the Norwegian, Star Bulk Shipping.

For Australia, it has been more than unfortunate that, at a time when most rural industries are finding the going hard, freight rates have emerged as the threatened straw which breaks the camel's back.

The Australian waterfront, never much of a practical lesson in good relations between employer and employee, has contributed greatly to shipping costs. The Australia North-bound Shipping Conference is currently seeking a 15 per cent. increase in rates (from October 1) after an increase of 20 per cent. in February. Its reason is the cost of industrial disruption and its case is against what it calls anarchistic and irresponsible strike action on matters often unrelated to shipping.

Precise figures are not available, but container operators currently anticipate a loss of 20,000 man-hours every three months through industrial unrest. In New South Wales, the latest figures of the Maritime Services Board show that the watersider, on average, can expect to spend at least two weeks of his working year off the job on unauthorised stoppages.

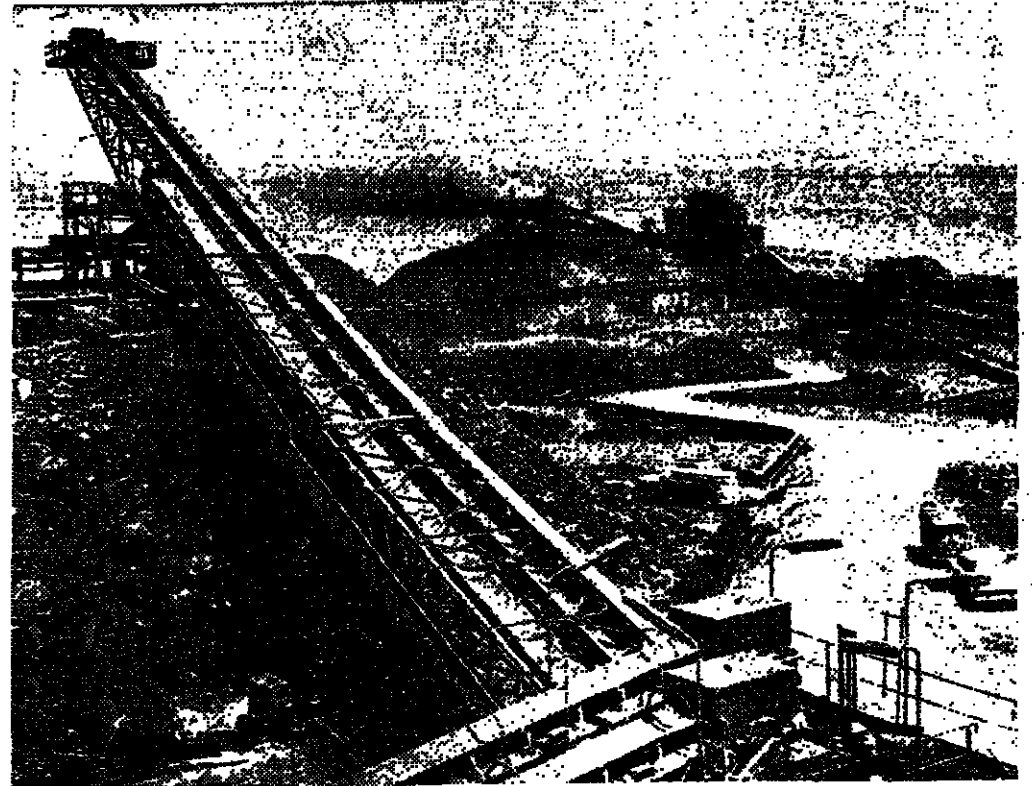
The Prime Minister, Mr. McMahon, has received two telegrams from shipowners protesting against the industrial disruption of the waterfront. The first was from shipowners in the Australia to Europe trade over a crippling tug strike and the second from shipowners generally, protesting against stoppages based on political issues not shipping—such as against the Springboks' rugby tour and public transport fare increases in NSW.

The Australian National Line, too, felt the impact of industrial disruption badly when marine stewards struck for two weeks and its entire fleet lay idle, losing \$140,000 a day. It led to increases in freight rates ranging from 8 to 25 per cent. In June, only nine months after an across-the-board increase of 12.5 per cent.

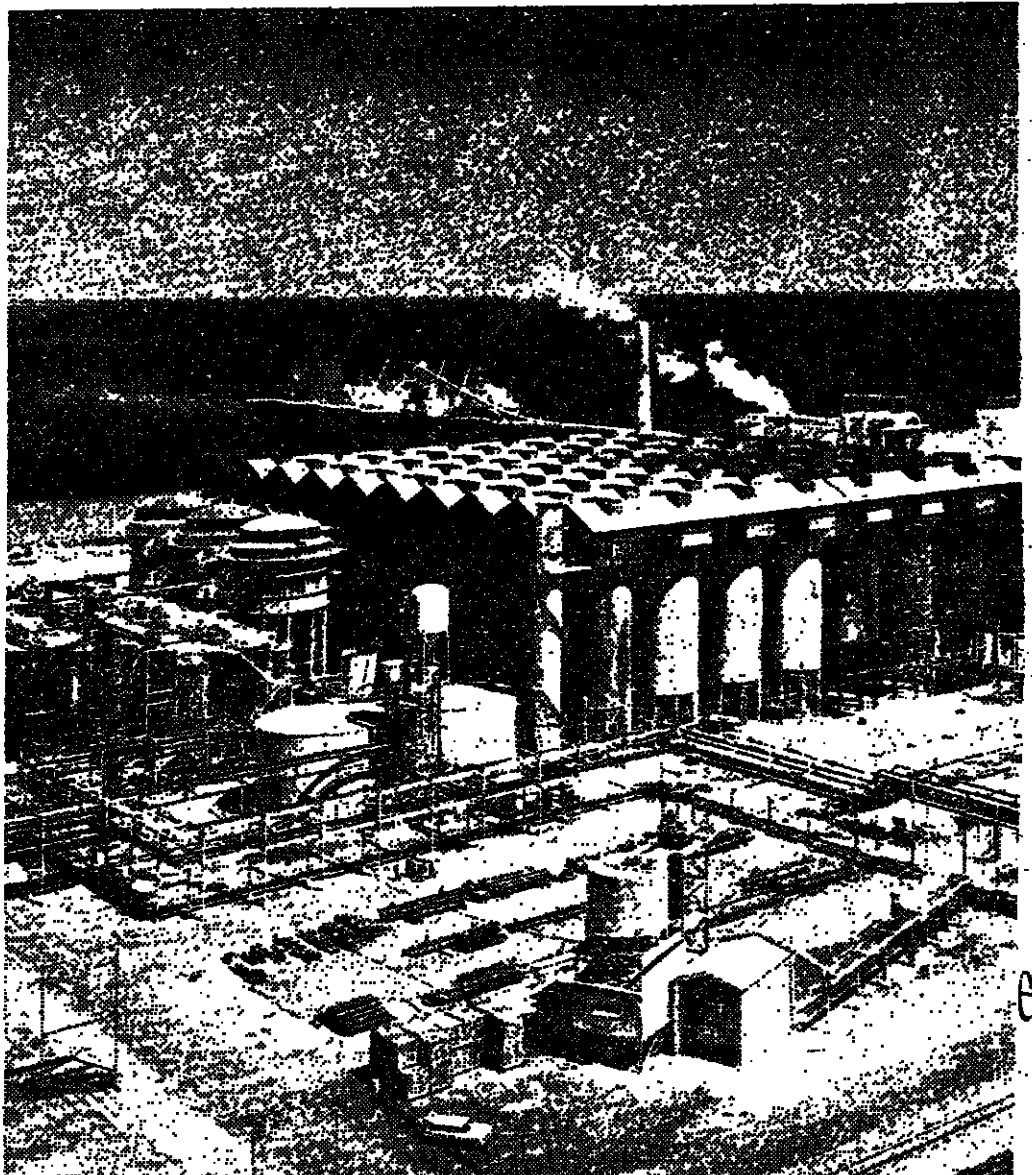
But despite its problems, the ANL continued to increase its fleet, the most notable addition being the 20,300-ton roll-on, roll-off Allunga in the trade to the U.S. west coast. The vessel is owned by PAD shipping Pty. Ltd., of which the ANL is a member. The line is only months away from owning a containership in the east coast U.S. trade. Around the coast it has added the 3,000-ton container feeder vessel Echuca to its fleet of 34 vessels.

Australian shipbuilding has headed through uncertain times, as it has in the past, with the oil industry providing a shot in the arm with orders for eight tankers still under construction or delivered in the past few months. The shipbuilding and repair industry will remain quiet for some months yet until the findings of a Tariff Board inquiry into the industry are completed. Generally the feeling is that Australian shipbuilding could compete with the world in the construction of specialist vessels. But its costs are too high, and its problems too many to compete in the construction of day-to-day ships for overseas owners.

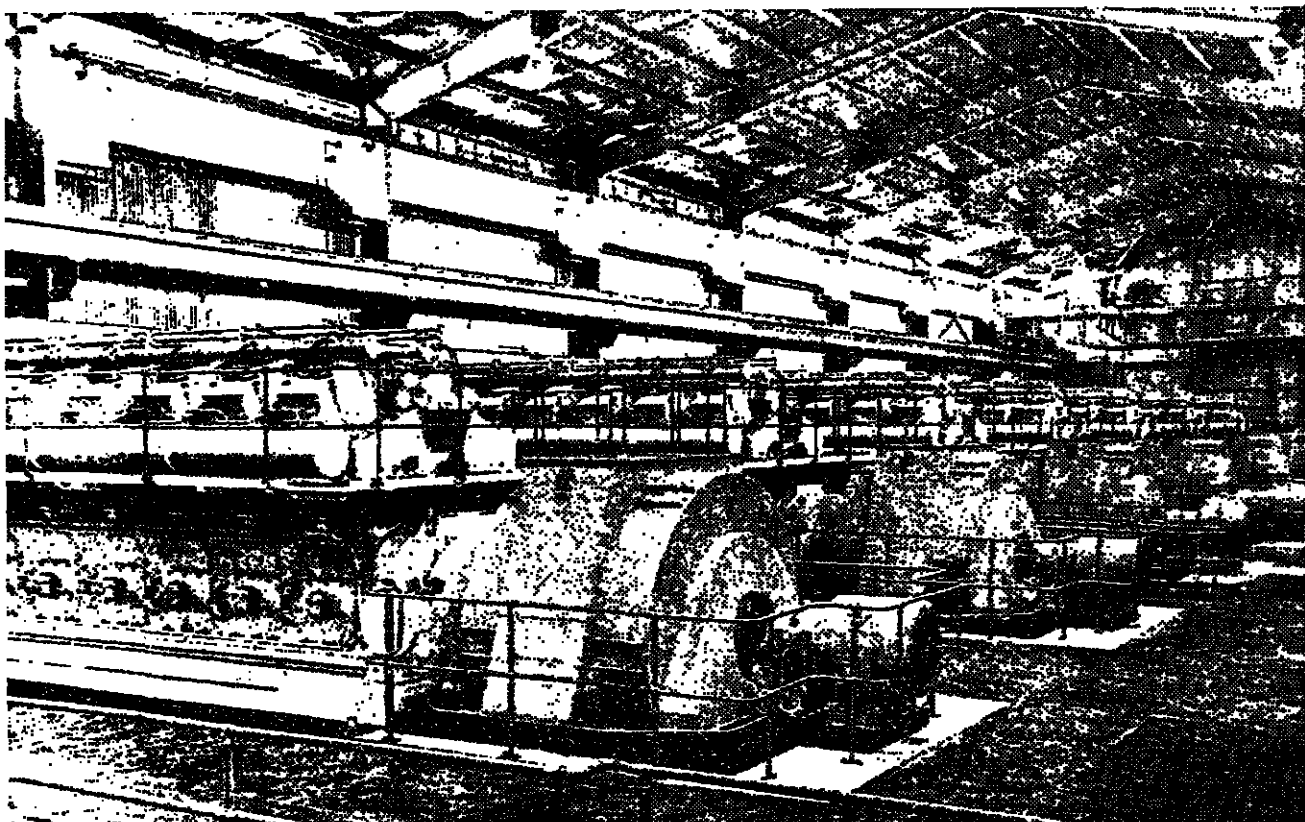
The future will not be any easier for those involved in the Australian shipping industry. The two most significant trends are growing calls for Australian private enterprise shipping on all trade routes and exporter demands for an Australian Shippers' Council empowered to bargain on rates and conditions with shipowners in any trade.



Iron-ore loading at the port of Dampier in Western Australia.



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AUSTRALIA XXI

Aviation faces up to consumer revolt

By JOHN STACKHOUSE

The revolt of the travelling consumer which began on the crowded North Atlantic airways, has picked up an emotional element of betrayal on its way to Australia.

The inhabitants of the most isolated continent, at least 20 per cent of whom are post-war migrants with deep ties with Europe, Britain or North America, now realise there is no reason why they have to spend thousands of dollars to make a pilgrimage back to their original homes.

At the same time, the cultural ties, which draw young Australians mainly to England, have given the new generation an equal incentive to rebel against the scheduled airlines' high fares policy which so long has ruled on routes into and out of Australia.

The result has been a genuine anger which has turned on the national carrier Qantas. For the first time in its 50-year history the airline is alienated from the mainstream of national achievement.

This alienation, coming at a time of managerial and economic stress, has resulted in a large and influential section of public opinion and the Press in Australia questioning Qantas in particular and the scheduled airlines in general. IATA, the fare-setting trade cartel, has achieved the connotation of a dirty word.

The main reason for this reaction is the sudden growth of charter traffic out of South-East Asia. The Australian, who once expected to pay \$1,300 for round-trip "home," now finds he can make the journey for between \$600 and \$700 by flying on Qantas or a scheduled airline to Singapore, then transferring to one of the cut-rate charter operators for the long haul to Europe.

Industry sources estimate that at least 40,000 Australians make this split journey every year. The result has been to lighten loads on scheduled airlines on the same route and even to siphon off traffic from other routes to Europe, for instance via North America.

The result, not surprisingly, is a load factor on the scheduled flights well below break-even which, in turn, led to a reaction by Qantas involving stringent economies and pilot lay-offs.

The process was very similar to the economic shock BOAC went through earlier this year. But in Australia's case the sur-

prise was all the more severe because only months before Qantas in a burst of public euphoria had celebrated its 50th jubilee with proclamations of a bigger, brighter and better future.

The emotionalism surrounding the issue comes from the strong position which aviation holds in this country. The nation has seized on Geoffrey Blainey's phrase "the tyranny of distance" as a description of a basic characteristic of Australian life. Distance has to be overcome, culturally and physically, in contacts with Europe, North America and Japan—all Northern Hemisphere centres on which Australia depends. Distance, too, governs still many of the internal relationships in the country, for instance the separatism that is still evident in the west.

Cut times

The aeroplane, coming through an era of developing Australian nationalism, provided the vehicle not only for pulling the country together but of speeding up communications with the northern hemisphere centres. The Boeing 707 and the way it cut travelling times over long distances, probably shares a place with the migration inflow and the vast capital flood as causes of the transformation of the Australian scene since the mid-1950s.

In the disillusionment with high fare levels, it has been BOAC that has called the tune for lower fares which its pool partner Qantas has had to follow. BOAC's decision to launch its charter subsidiary into the charter market which is hemorrhaging traffic to and from Australia pushed Qantas into taking the same action.

Sensing the political climate, the Government let it be known it would like Qantas, too, to set up a subsidiary and this Qantas is in the process of doing.

The airline's plans are not yet complete, but they look at this stage as though they will go only part of the way towards meeting the vocal Australian demand for cheap long-distance travel.

Meanwhile, in the wholly regulated domestic airline market, the unique Australian two-airline policy looks as though it will be indefinitely prolonged into the future.

The agreement which main-

tains the Government-owned Trans Australia Airlines and the private Ansett Airlines of Australia as nominal competitors comes up for renewal in 1978, roughly at the same time as both airlines will be planning to buy wide-bodied jets. The European Air Bus is emerging as a major contender for this order.

The need to finance the wide-bodied jets, together with the fact that financing arrangements for the next round of orders for stretched Boeing 727-200s will extend past the deadline has prompted both companies to call for an early review of the future of the policy.

The Government has indicated this is under way and, in fact, has virtually promised a same-as-before prescription.

The agreement operates through the device of Federal control of aircraft imports, a power which Canberra holds under the customs provisions of the constitution. With licensing of imports, a control of capacity is achieved and through this regulation of activities throughout the country.

There are some minor areas of disagreement. Ansett's MacRobertson Miller group, which has a monopoly of apparently lucrative routes in the mining areas of Western Australia, is trying to stave off an attempt by TAA to come into the area.

But whatever the outcome, this is only a comparatively minor ruffle in the system, which because of the attention it is receiving in the industry clearly indicates by inference the larger area of commonality.

One possible outcome of the review is a move to allow a small New South Wales airline, East-West, to spread to major trunk routes on the east coast. East-West says it is a customer for the BAC1-11-475 variant but has deferred its firm order because of economic conditions in its territory, particularly in rural areas.

The depressed rural area is having the effect of holding back the light aircraft sector of the industry. This comes at a time when the Government Aircraft Factories have developed a small twin-turbine transport, Project N, which has particular application to the country commuter services.

Project N made its first flight last month and faces a stormy future. It was nominally

created in response to an RAAF requirement for a liaison type, but has become involved in the clash between the expanding Army aviation interests and the broader view of the RAAF.

While the RAAF takes the view it will "have to buy it," the long-term application is probably in the civil market. Yet this will demand overseas sales if it is to be viable and the Australian Government's aircraft manufacturer just isn't commercially orientated.

GAF created the Jindivik target aircraft, some 400 of which have been sold including a number to Britain. But it is used to selling direct to Governments, not in the fierce competition of the commercial market.

Son of Jindivik—and also the Australian Ikara anti-submarine weapon—a smaller and more automated target called Turana is also making its first test flights. This small robot plane is shaping up very well and given any sort of market thrust should win good sales just as Jindivik did and is doing.

The only other Australian-designed and built aircraft is the unorthodox Transavia Airtruk, which is mainly a spraying and fertilising agricultural type. However, more recently it has blossomed out in a general-purpose type with counter-insurgency possibilities. Thailand is taking an interest in the concept with one of the type already in use. However, the one-month production run is hardly big time.

Bigger share

The rest of the aircraft-manufacturing industry comprises Hawker de Havilland, the subsidiary of the British Hawker Siddeley group, which is based in Sydney, and the Commonwealth Aircraft Corporation, a neighbour of the GAF in Melbourne. Rolls-Royce and P & O are among the shareholders in CAC.

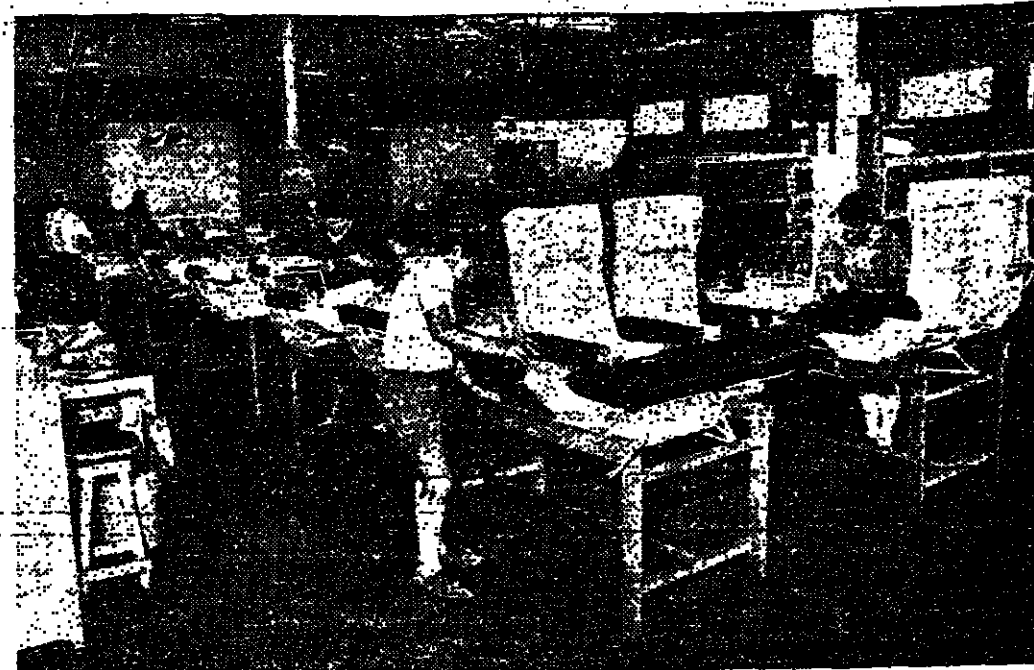
The combined industry is urging the Government to develop policies permitting it to take a bigger share in aviation procurement, particularly for the services. There has been a feast and famine situation in the industry, since its peak during World War II as various projects such as Canberra, Sabres, Mirages and Macchi trainers were built in this country under licence.

The move now is towards co-production with British, U.S. or European companies in the future.

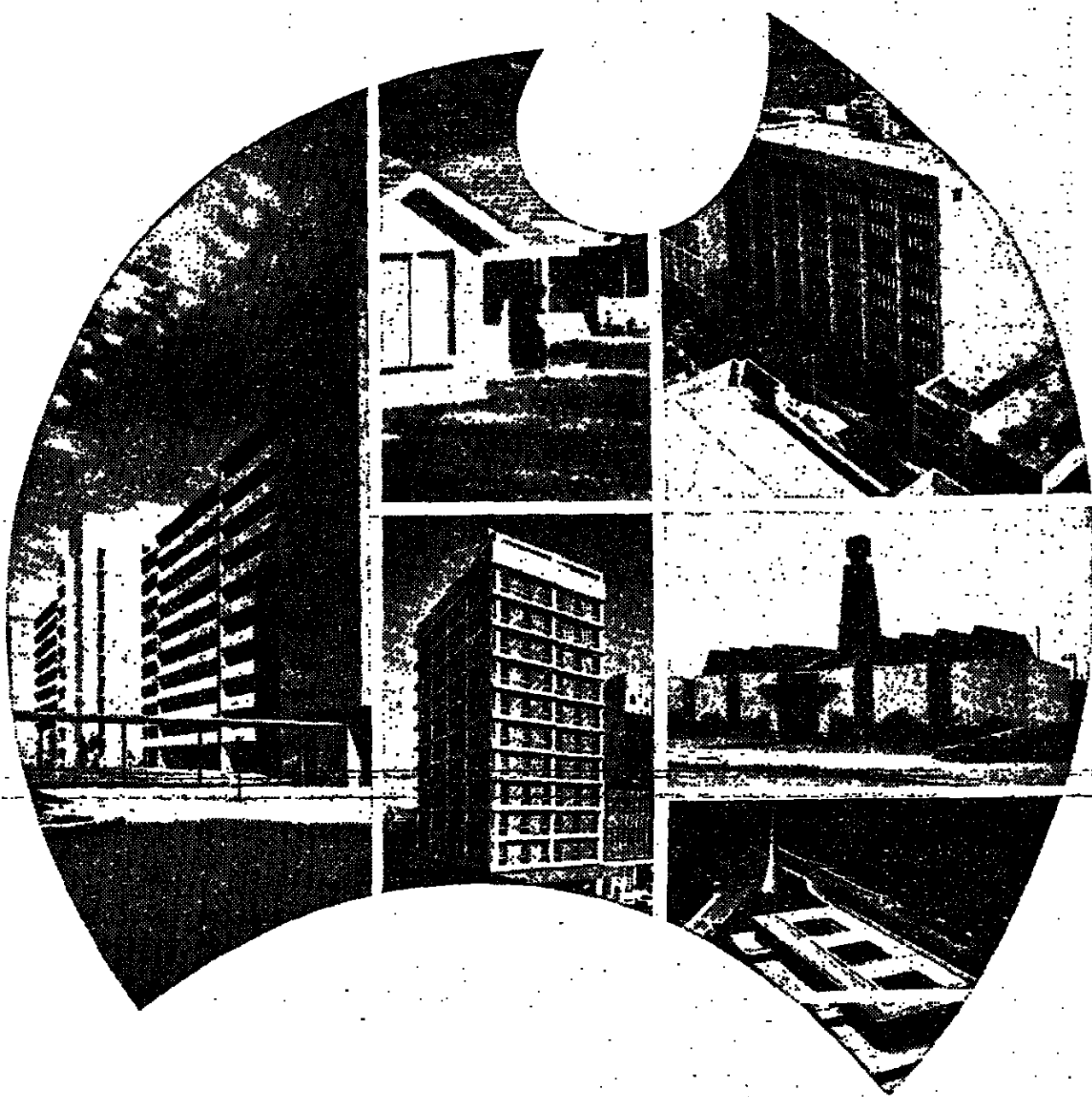
Although the first product of the Government's more active and parallel policy of obtaining offset work for the industry has been the decision to set up a helicopter line at CAC in response to a major Army order, the industry would like to have design participation in future construction projects. The British advanced trainer project—either from BAC or Hawker Siddeley, depending which the RAAF chooses—looks like being the first vehicle for this.

On the civilian side, the offset programme is resulting in a trickle of small jobs mainly from Boeing in the U.S. in response to Australian equipment orders for airlines.

These are having the effect of introducing technologies and methods as well as providing some work and could become increasingly important as the industry learns how to become an effective international subcontractor.



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AUSTRALIA XXIII

Aboriginal land rights: a moral issue

By ELIZABETH EGGLESTON,
Director, Centre for Research into Aboriginal Affairs, Monash University

The Aboriginal population of 150,000 is a very small minority in the total population of Australia. Yet other affluent Australians appear incapable of solving the problems of this poverty-stricken, ill-used group.

The major event of the past year in Aboriginal affairs was the judgment of Mr. Justice Blackburn in the Yirrkala land rights case. Aborigines for many years had claimed that they should be granted legal title to land which Aboriginal groups were still occupying and compensation for land of which they had been dispossessed. They pointed to the fact that Australia is the only country which has accorded no recognition to land rights of its indigenous people.

The Yirrkala Aborigines of the Cape Peninsula in the Northern Territory were the first to take legal action in an attempt to establish land rights through the courts. The action was brought against Nabalco, which had been granted mining rights in the area, and the Commonwealth government which had allowed Nabalco to set up its mining operations in the Aboriginal reserve. There was widespread disappointment in the community when Mr. Justice Blackburn decided that the Aboriginal plaintiffs had no legal rights to the land they claimed.

The judge found that the evidence showed that the Aborigines belonged to the land but the land did not belong to the tribes. The Aborigines clearly had a close relationship to the land but it was not of a type which had been recognised as a proprietary interest in Australian law. In reaching this conclusion he perhaps adopted an unduly narrow view of the concept of "property." But it is not surprising that a judge who is bound to decide in accordance with the law of the land should have found himself constrained to try to fit the Aboriginal claim within the existing legal framework. When he was unable to do so, he rejected the claim, rather than recognising a new form of proprietary interest.

The initiative now passes to governments to take action to grant Aboriginal land rights. The court decision does not preclude such action. All it decided was that the common law did not recognise that these Aborigines had any title to this land; it is clearly open to the federal Government to pass legislation embodying a policy of recognition of Aboriginal land rights.

The moral arguments in favour of Aboriginal land rights are very strong. It is clear that the colonisation of Australia resulted in disruption of the relationship between Aborigines and the land. The Aborigines clearly lost something of value to them, even though their concept of the proper use of the land seemed strange to the invading Europeans.

Two State governments, Victoria and South Australia, have taken steps to grant some land rights to Aborigines. But so far rights have only been granted to the areas of land which sur-

vived as Aboriginal reserves. The question of compensation for other land has not been tackled by any government. The American Indian Claims Commission would be a useful precedent here.

White willingness

The importance of the land rights issue is not only that the land is full of spiritual meaning for Aborigines and that it is a valuable economic asset. It is also a symbol of the genuine willingness of white Australians to recognise Aborigines as fellow human beings. Do white Australians really believe that the Aborigines are worth as much consideration as the cattle which roams the vast Vestey property? The policy on land rights adopted by governments in the near future will provide the answer to this question.

Another development of the last year was the attempt by the federal Government to persuade

State governments to repeal legislation discriminating against Aborigines. The campaign has met with some success. Western Australia has agreed to repeal its discriminatory legislation. Queensland will repeal only some of the provisions of its Aborigines' and Torres Strait Islanders' Affairs Act, notorious among Aborigines as the most repressive of all the States' legislation. The federal Government has announced no plans to repeal discriminatory provisions applying to Aborigines under its control in the Northern Territory.

The enactment of favourable legislation alone is not enough to ensure equality of Aborigines with their fellow Australians. Legislation must be enforced to have any real effect. During the last year the first charge was laid under the South Australian Prohibition of Discrimination Act. The prosecution was successful and a hotelkeeper was convicted because he had re-

fused to serve an Aboriginal couple.

On the other hand, the enforcement of equal pay for Aboriginal workers has not been so successful. Awards now provide that Aborigines in the pastoral industry are to be paid equal wages. But they must be members of a trade union and, unless the union takes the trouble to sign them up as members, legal enforcement of equal pay is not possible.

Aborigines in general have suffered discrimination when involved with the legal system, partly because they have not had ready access to lawyers. The land rights case was a sign that Aborigines now realise that lawyers may be able to help them. The recent establishment of the Aboriginal Legal Service in New South Wales is an indication that lawyers are becoming aware of responsibility in this field. Over 140 barristers have volunteered support.

Education level

The average level of education in the Aboriginal community is below that of white Australians. Recently experimental pre-schools have been set up, scholarships have been awarded to enable children to stay at school beyond the minimum leaving age and some limited adult education has started.

It is not only better education for Aborigines that is needed. White Australians are beginning to realise that their own education is incomplete because the role of the Aborigine in the history of the country has been largely

ignored or distorted in school textbooks. They are also slowly awakening to a recognition of the richness of the Aboriginal cultural heritage. Governments have responded to this awareness by passing legislation for the preservation of sacred sites. Organisations of Aborigines now talk of Black Power. Many whites react with fear or hostility. Apparently they do not realise that Aborigines have been subjected to White Power since 1788. Power is not synonymous with violence. Black Power so far has been manifested in attempts to remove whites from the executives of voluntary bodies and in the establishment of new all-black organisations.

It is sensible of Aborigines to take over the responsibility for conducting their own affairs wherever possible and to seek to maximise the advantage from any political power they may have as an organised pressure group. Their present depressed state results from their history as an exploited group, dispossessed by the white conquerors. Unfortunately the way they have to make up is so great that it will be a long time before Aborigines are the equals of other Australians in health, wealth and education.

Crisis in education

By TOM ROPER

If one word can be used to describe Australian education during the last decade that word would be "crisis." Indeed "crisis" has been so frequently mentioned that its power to shock has evaporated.

Every August—budget month for the six States—brings forth another series of warnings of their impending financial bankruptcy. Education expenditures which now make up approximately 40 per cent. of all State allocations have contributed more than any other factor to the cries of doom. Governments faced by growing student numbers and galloping staff salary rises have had to spend more to stay in the same place. During Victoria's last financial year pay rises accounted for 85 per cent. of all extra money voted for the non-tertiary sectors recurrent expenses.

Eighteen months ago an amateur education reformer,

but an expert arsonist, destroyed four Melbourne inner suburban schools. To date not one has been replaced.

Many country and poor city area schools currently have a complete teacher turnover every two years. Teacher morale is moving towards an all time low, while resignation rates have never been higher. Recently the major housewife producer Comalco advertised a low level position, mentioned it might be filled by a teacher, and was overwhelmed by the deluge. Some applicants had two degrees.

It is not only formal school age populations which are affected. Less than 5 per cent. of all pre-school age children in N.S.W. and Queensland are able to find a place and only a sixth of the offspring of working mothers are catered for by child minding centres capable of meeting minimal

legal requirements. Mentally or physically handicapped children must depend not on public provision but public subsidy and private charity for any education they may be lucky enough to receive. Pedestrians in our capital cities can see handicapped children, money boxes in hand, collecting running expenses for their schools.

Gross inequalities

However the greatest problem facing the entire system is the continued existence of gross inequalities in educational opportunity. Despite the Australian tradition of a fair-go for all, Professor Goldman of La Trobe University's School of Education was quite serious when he wrote: "If God, in his infinite wisdom, had decided to create in an advanced affluent society a system which would make the most effective inequalities in education, he would surely have spawned Australia."

Australia's tragedy is that comparative affluence has clouded the issue and prevented any public realisation of the plight of the 500,000 (one in every five pupils) who experience a second-rate or worse education. Australians have been content to boast of their achievement in making education available for all, even in the most remote areas.

A number of indicators are readily available. Students going on to university have been, and are still, largely drawn from professional and managerial homes while the children of semi- and unskilled workers—a group comprising a quarter of the population—are hardly represented at all. More than half of all students come from families which in terms of socio-economic status constitute 15 per cent. of the population. At the corresponding extreme only 2 per cent. of labourers' children get a place.

Of all groups the 150,000 Aborigines suffer most. Between 1960 and 1970 only four graduated, even now only 12 are enrolled. Whereas one person in every 150 white Australians is a university student, only one Aborigine in 13,000 attends a university.

Since 1950 a million non-English-speaking migrants have been encouraged to settle in Australia, yet a special programme for teaching English to migrant children was not commenced until 1968.

One should not be surprised at the persistence of social differences in a society which has deliberately discriminated in favour of the well-off. For instance, two-thirds of Commonwealth Government tertiary and secondary education scholarships go to the children of the top 20 per cent. of earners. Similar disparities have been carried through into Government assistance for the 25 per cent. of the school population attending private schools. The wealthiest private colleges have done considerably better than the poverty-stricken Catholic parochial schools, receiving a greater share of scholarships and special library and science laboratory capital grants.

Why in a nation reputed to be one of the world's most affluent can the education system be called a disaster area? International comparisons are fraught with dangers but percentages of GNP spent on particular items do indicate national priorities. Of the developed countries for which comparable education statistics are available none spends a lower percentage than Australia. After a steady increase from 3.9 per cent. of GNP in 1959 to 4.5 per cent. in 1968 the percentage has dropped in the last year to 4.1 per cent. Consistently Government Ministers have denied that the situation in Britain which spends

6 per cent. on education can be fairly compared with Australia. Indeed it cannot. Australia has a far higher percentage of its population in the 5-20-year-old age group, in other words much more, not 50 per cent. less, ought to be spent.

There are also Constitutional hurdles. Although Canberra now controls all major growth taxes, the States' responsibilities include most major growth items—for instance, health, urban development, housing, transport and education. Even when the Commonwealth makes special grants to the States they are tied to specific projects or must be matched from State resources thereby exacerbating the lack of flexibility in State budgets.

Education is becoming one of the key issues in election campaigning; "better" education pressure groups are growing; the Australian Council of Trade Unions is becoming interested in campaigning for equal opportunity. Much more experimentation is occurring in the curriculum and schools are being freed from the oppression of six all powerful centralised State education departments.

Meanwhile demographic predictions indicate a baby boom and consequently a pupil boom which will flood the schools after 1976. During the next 15 years at least 14m. extra students (a 50 per cent. increase) will require places and need already scarce teachers.

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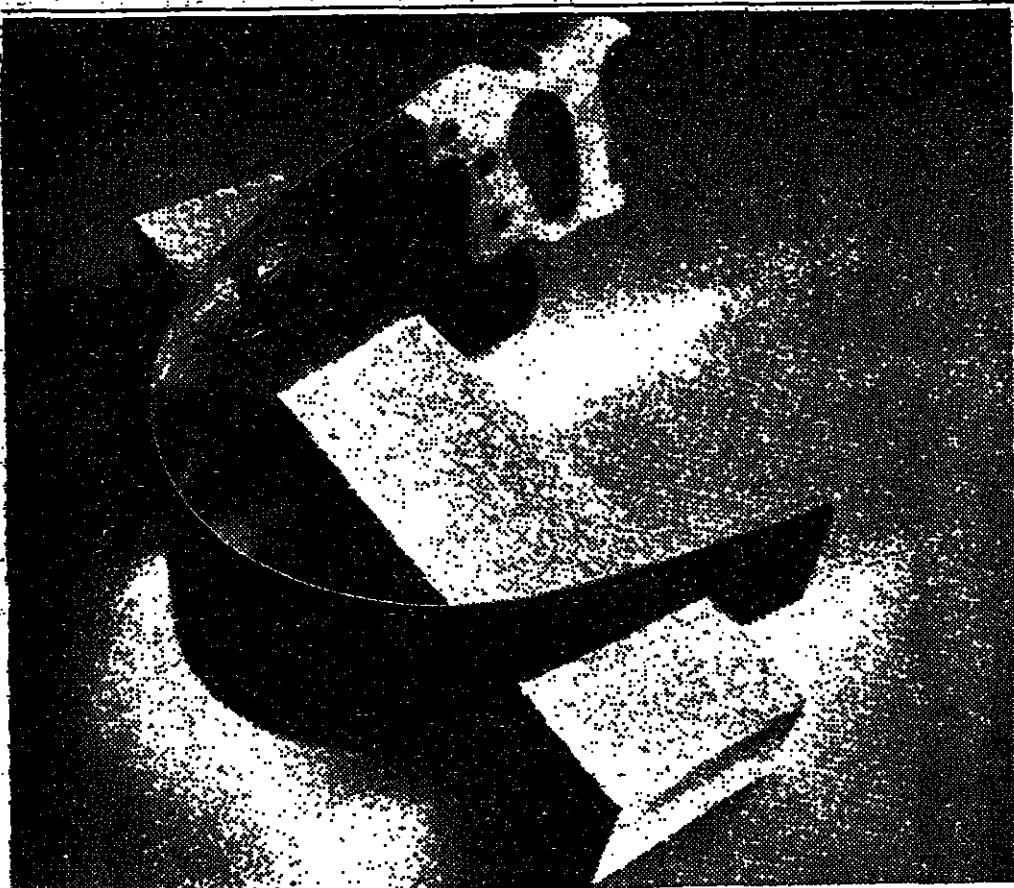
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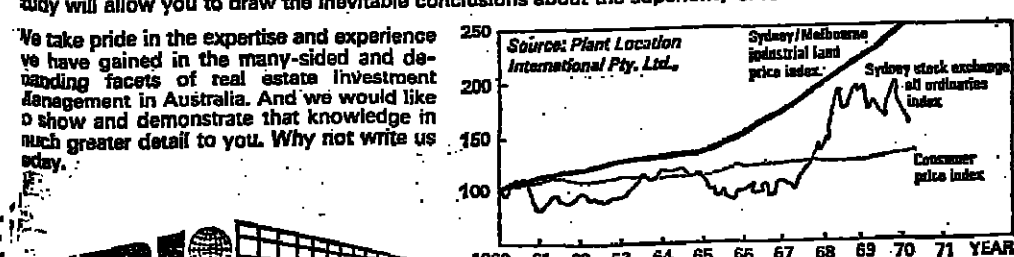
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The property scene round the capitals

By DOUGLAS MARCH

"Boom, Buoyancy, or Bust?"—whichever verdict best fits the metropolitan property climate in Australia is largely conjectured there being no clear consensus of opinion, either in the market place or from the professional commentator's box.

Nevertheless, the scene is a lively one with prominent media coverage and public agitation against a background of "big money" decisions, with commercial and office development in the forefront.

Preoccupation with real estate has only become a feature of the Australian investment market since the early 1960s. After a short period of oversupply and an enormous recession, the demand for commercial floor space accelerated quickly in two

a Central Business District (CBD) site in Sydney; rumour has it that \$800 may be achieved in the foreseeable future. The general level for complete development sites as opposed to individual component parcels is \$300 to \$350 per square foot. To offset outlays of this nature new office space is on offer at rents of from \$9.50 to \$11.50 per square foot with prime space available from \$14.00 upwards. Escalating CBD rents have influenced large-scale office developments over the Harbour Bridge in North Sydney, where the land is cheaper and rents of \$5.25 to \$6.50 are possible. More recently significant development is taking place five miles further away from the CBD to provide still lower rentals.

large scale mining interests, riding on the crest of the wave of new discoveries, established themselves in Sydney (as they did in Perth and to a lesser extent in Melbourne) in spacious prestige offices. With the recent collapse of leading companies and serious setbacks to others, much of this expanded accommodation has become redundant. At the same time loss of confidence in minerals has turned stock market attention to other avenues of investment including large scale development.

Longer term development prospects will depend to a considerable extent upon the implementation of the Strategic Plan prepared by Urban Systems Corporation and adopted by the Sydney City Council which administers the Central Business

caught up in the Sydney real spiral. A similar story is true for land prices although some spectacular rises have been experienced in the last two years: the general level is \$150 to \$200 per square foot with a recorded but atypical peak of \$370.

Melbourne is very "address conscious" and this has led to a lateral tendency in some of the later development; Sydney, on the other hand has had more of a clustering of buildings immediately south of Circular Quay. A Collins Street address in Melbourne usually adds a premium to both land price and rent.

Most of the non-CBD development has taken place along St Kilda Road on the eastern side of the Yarra River. Land

directions—downtown offices and regional shopping centres. Over the last five years central area office development has occupied the centre of the stage.

Principal stimulus in the demand for new office space have been overall business expansion, requirement for increased floor area per worker, and the comfort, convenience and prestige of up-to-date accommodation. Much of the finance for the supply side of the equation has flowed from establishment sources which had previously displayed limited interest in property. This was accompanied by a "maturing" of the attitude towards business capital by office occupiers; it was recognised that payment of rent rather than outright property ownership rendered capital resources more mobile. Further momentum has been added by the growing influx of overseas-based capital, much of it from the U.K. The magnitude of this influx was indicated earlier this year when the previous Prime Minister, Mr. Gorton, sought to restrict overseas financing of office building as an anti-inflationary measure.

As would be expected, Sydney and Melbourne dominate the horizon in terms of property investment.

Recently a price of \$4500 per square foot was reported for

With caution

Growth in demand for office space is estimated at between 1.4m. and 1.7m. square feet per annum. There is strong evidence of oversupply at present despite extensive pre-letting, and this situation is expected to be still further aggravated in 1972 and 1973. Forecasting office space supply and demand is an exact science at the best of times and so predictions must be treated with due caution. Nevertheless the possible mis-calculation in this instance is more likely to be one of degree rather than of direction. Also being felt in both Sydney and Melbourne is the return to the market of accommodation which was first available three to five years ago and for which the initial leases have now expired.

Pre-letting has been a feature of Sydney developments, taking place in some instances at the planning stage. However, tenants are now more hesitant about committing themselves in advance and are also becoming more selective in their requirements, thus placing greater stress on quality of finish and precise location.

A major unsettling factor has been the relatively depressed state of the mining sector, little more than 18 months ago

District. At present the revised plot ratio standards are under Council consideration, with the fate of future office development hanging very much on the final decision.

Likewise, Melbourne City Council is about to commission the preparation of a strategic plan. Reports that Melbourne is also facing a serious oversupply of office space are misleading; closer investigation reveals that, on the basis of present trends in demand (overall around 1.2m. square feet per annum), supply in the downtown area will not satisfy requirements until 1974. On the other hand, oversupply is already evident in peripheral areas such as the St. Kilda Road "corridor" and this circumstance threatens to become quite severe over the next few years unless some existing development plans are revised or temporarily shelved.

Admittedly some trauma is being experienced as vendors are meeting unexpected buyer resistance to higher rents. The general level at which new space is being taken up is \$5.50 to \$6.50 per square foot, with a top of \$8.00; accommodation above \$6.50 is not moving well although the rate of inquiries is not slackening. Apparently Melbourne is refusing to be

prices are currently around \$4 per square foot and rentals for new space \$4.25 to \$4.75 per square foot.

In both Sydney and Melbourne manufacturing and warehousing are being edged out of the central area by law prices and rents. Demand for new industrial land is increasing steadily, accompanied by growing interest in rented factories and industrial estates, a relatively recent phenomena in Australia.

Land prices

Also on uncertain development grounds in both cities are hotel projects in the CBD, due once again to land prices. In Sydney this has resulted in concentration of visitor accommodation in and around King's Cross immediately east of the CBD. As yet Melbourne has not settled on a similar location, although the waterfront area around St. Kilda has some potential in this respect. Melbourne's international airport has yet to celebrate its first birthday so it is premature to estimate its effect upon visitor demands and the CBD as whole.

One noteworthy feature is the

Continued on next page.

One noteworthy feature is the

Continued on next page.

Tourism tends to lag

By JOHN STACKHOUSE

While the tourist industry throughout the Pacific flourishes, Australia seems to be dragging its feet. Growth rate in recent years has been around 8 per cent. In other regions growth of over 20 per cent is common and some, like Fiji, are reporting around 44 per cent.

With hundreds of the top U.S. travel industry figures about to descend on the country for the American Society of Travel Agents' convention beginning October 30, the industry is painfully aware of some of its shortcomings.

accommodation industry in the U.S., Europe and Japan.

Similarly accommodation at all levels is a problem outside the cities. There is no big resort hotel in Central Australia, for instance, and none on the Barrier Reef. Yet these are the two natural attractions that Australia features and they appear on the itinerary of most American and European visitors.

With 747 services to Australia now a year old and the national carrier, Qantas, embarking on its own, the stage seems set for some major tourist growth.

last two: a third application is under consideration.

There has been a major change in the climate. Tourist authorities, who at the practical level represent State Governments, are now making no secret of the fact they distrust Federal protectionist air policy. They would also like to see some major concessions to boost hotel and resort construction.

Depreciation allowances, tax rebates (which are now applicable to export-earning industries) and other forms of assistance have been canvassed.

While the main thrust on tourism within the country is

The ASTA convention alone will highlight the scarcity of hotel rooms in Sydney and Melbourne and the shortage of convention facilities. Completion of the Opera House in Sydney by about 1974 will provide a major venue, but the problem of hotel accommodation continues. In the last few weeks one of the traditional city-centre hotels, the Australia, in Sydney, has been closed for commercial redevelopment and others have gone in both Sydney and Melbourne in the last couple of years.

The soaring land prices and interest rates in Australia have convinced developers that hotels are bad news. As yet there has been little construction on the outskirts of the city, which is now such a feature of the charter airline "boom," which has now filed three applications to run tourist charters from the U.S. to the South Pacific, including Australia. Australia's protectionist aviation authorities have vetoed the

accommodation industry in the U.S., Europe and Japan.

Similarly accommodation at all levels is a problem outside the cities. There is no big resort hotel in Central Australia, for instance, and none on the Barrier Reef. Yet these are the two natural attractions that Australia features and they most appear on the itinerary of most American and European visitors.

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While the main thrust on country is

Interlinked

But industry sources believe this will not happen on the same scale as Australia's neighbours until fares come down dramatically, until promotion is pushed much more vigorously and until the accommodation problem is solved. The three are interlinked. If a breakthrough on fares occurs, the other two factors will surely follow.

The hardest knocker on Australia's door is the big U.S. charter airline World Airways, which has now filed three applications to run tourist charters from the U.S. to the South Pacific, including Australia. Australia's protectionist aviation authorities have vetoed the

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While the main thrust on

tourism within the State level, national promotion abroad is a Federal responsibility. About two years ago the Commonwealth reorganised its tourist development and formed the Australian Tourist Commission to handle the job. (Travel within Australia and the local industry sector is handled by a different group, the Australian National Travel Association.)

The ATC has so far concentrated mainly on established markets. But with a budget of

around \$A2m., the butter spread pretty thinly abroad and the criticism of lack of effective promotion is a constant chorus. There is little doubt that the limited resources now deployed are fairly effectively handled, but the impact worldwide is seen as too small.

Of the areas of future promise, Japan is beginning to assume much greater significance. The easing of Japanese travel restrictions and the rising standard of living in that country—tied in with a lively urge to travel and curiosity about Australia—points to a major growth in Japanese visitors. Several of the major accommodation groups and airlines are trying to get in on the ground floor. Asian menus, for instance, feature in some hotels; Japanese linguists are at a premium in the industry.

Warm appeal

The weather is by and large good; and if there is a weather problem at any one time, the country is big enough to go somewhere else and enjoy good weather.

Given the essential break-through on fares, Australia must rank more and more as an area of tourist potential. As the wave builds up the returns from investment in the tourist sector will eventually become more attractive.

directions—downtown offices and regional shopping centres. Over the last five years central area office development has occupied the centre of the stage.

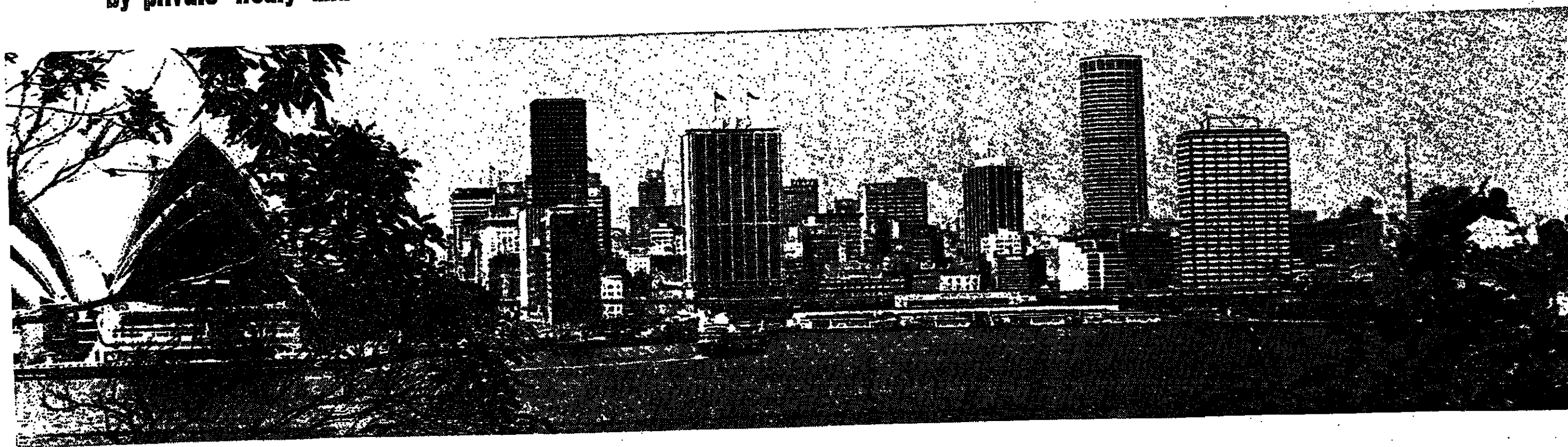
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In the last four pages of this survey, the individual States and territories are discussed—their aspirations and fears and their development, planned and actual.

S. Australia thrusts ahead

By MICHAEL SOUTHERN

It's funny what a change of Government can do. In just over a year of Mr. Don Dunstan's Labour Government, the State of South Australia is hardly recognisable as the once sluggish backwater where motor-cars were made, graziers thrived and no one really cared about the rest of Australia, let alone the world. But now, its reputation as a wower state is gone—indeed South Australia suddenly became perhaps one of the most sophisticated and open-minded of all the States. Books like Portnoy's Complaint, once banned in other States, could be found there. It was to South Australia that the Chi Calcutta people went in their attempts to stage that play first in Australia. And while others worried about nudity on stage, it happened in South Australia with little outcry—indeed, it appears, with much relief.

One begins discussing South Australia in these terms simply because this has been the most obvious change. But the changes are much deeper. This is no longer a State prepared to play a secondary role in Australia. Indeed, Premier Don Dunstan has projected himself into national affairs, even international affairs like no other modern State Premier has dared. And in the wake of this new political activity there floats a new mood of economic thinking and activity.

Once an agriculturally based economy, South Australia now looks to the motor industry, steel and shipbuilding as its base. Primary industry is now contributing less than one-third (\$A284m.) of the State's net value of production (\$A1,000m.). Meanwhile, very recent oil discoveries, added to the gas first found three years

ago, have given this State a new importance as a national oil producer. The gas was first used to provide for the City of Adelaide. Now, contractors from the Gidalepa field have won the right to supply the large and important NSW market with natural gas and the once fanciful thought of a petrochemical industry is within the realms of possibility. The State is also the centre of some active work by mineral explorers who thus far have produced promising uranium and low grade nickel. It may yet join in the mineral boom.

Labour problems
The motor-car industry is expanding in the face of labour problems which it is hoped will be temporary. General Motors-Holden's and Chrysler are both based near Adelaide. The GMH investment is now running well above the \$A200m. mark, and a further \$A10m. expansion is planned. The two employ around 16,000 people—just over 15 per cent. of the State's work force, while there is something like 10,000 others engaged in dependent industries.

The other major employer is BHP, with its \$A200m. integrated steelworks, and the shipbuilding yards at Whyalla.

For Mr. Dunstan, the problem is to switch the dependence of his State's economy from these

one or two vulnerable industries. Motor manufacturers have all seen their downturns, and the decision by GMH to switch its electrical appliance activities to New Zealand showed just how much the labour force requires alternative sources of work. In his first year of office, Mr. Dunstan has travelled widely to encourage new industries to come, and to have the existing industries think in terms of exporters rather than suppliers of the domestic market. There has been an influx of new industries like plastics, and an expansion of existing paper and pulp plants, and Philips electrical and electronic factories.

Mr. Dunstan has also begun arguing the case for a nuclear power generator to be sited in South Australia, now that the Jervis Bay project has been shelved.

As with the rest of Australia, the rural industry has seen its setbacks. But it still has a solid base. The South Australian wineries are currently providing more than 70 per cent. of the local wines and despite the minor cut-back in sales following the tax imposed in last year's budget, it is ripe for further expansion. In all, primary producers are employing 10 per cent. of the State work force, and contribute \$A284m. of the State's \$A1,000m. net value of production.

Mr. Dunstan has also taken the lead in Australia on social reforms. It was his State which legislated abortion and first legislated to prevent and penalise racial discrimination. His social welfare policies have been the envy of residents in other States and the despair of other politicians.

On the cultural front, Adelaide claims the lead in Australia through its arts festival, which has, for more than ten years, been responsible for bringing major overseas artists and orchestras to this country. Its film festival is of growing importance, and its cultural activities have since found expression in a bricks and mortar centre.

There is one other important area in which Mr. Dunstan's Government might well give a lead to Australia—urban development. Adelaide, like other cities, is a vast sprawl housing more than half of the State's 1.2m. people. A plan for a \$A600m. freeway system, following all the accepted patterns, has been dropped on the feeling that the conventional method of cutting cities up with roads and expressways could well destroy the place rather than improve it. As a result of further studies, Adelaide is now looking for a transport system that will enhance the city, a flexible plan to prove there is an alternative to motorways which will reduce smog (and Adelaide has its share) while allowing a freer movement of traffic.

The transformation Mr. Dunstan seeks will not be easy. In some areas it has begun. But the real test will be the actual flow of new industry into the State and the economic stability it will bring. He has until 1973—when elections are due—to prove that there is some substance to his thinking.

Victoria's two economies

By G. McDougall

The number of factories opened in a year is not the most reliable yardstick for measuring a State's economic health. Victorian industry has been prospering for a decade, and the number of businesses and plants being established is again moving back up to boom levels.

But the industrial action is only occurring within 40 miles of Melbourne. With few exceptions, primary and secondary industries through the rest of the State are in a depression ranging from mild to severe. The markets for Victoria's principal farm products have slumped, or output has been restricted by production quotas. Wool prices are at their lowest level for 30 years and thousands of growers are being bankrupted despite the introduction of a subsidy scheme and long term, low cost Government loans. Wheat, the usual alternative to wool, has run into selling and storage troubles, and despite Government quotas too much is being produced. Fruit growers in the north of Victoria have been overproducing. They face immediate price difficulties and longer-term troubles when Britain enters the EEC. If this isn't enough, hundreds of dairy farmers are preparing to leave the land with aid from a Government rural reconstruction programme.

The only rural industry that is prospering and expanding is beef. Prices and cattle numbers are rising to meet local and overseas demand for prime quality meat, and beef men speak optimistically of a decade of growth. But this exception has not—and cannot—counteract the general slump. Country towns are suffering as debts remain unpaid, as businesses close. State and Federal Government policies of "decentralising" secondary industry away from Melbourne into rural areas have been so meagrely executed there is little alternative employment for bankrupt farmers and graziers, their employees, or redundant townspeople. They head for Melbourne where secure work is available. This—the main attraction of the city—has always drawn a steady trickle of people. Now that trickle is becoming a flood.

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Quiet years

Industrial expansion around Melbourne is getting back into top gear after quiet years in 1969 and 1970. In the 1950s and 1960s feverish industrial development centred on Dandenong, east of Melbourne and at Geelong, south-west of Melbourne. Both these areas accelerated under the influences of encouragement and indirect assistance from the Victorian Government.

Now, a new area is being developed—on the shores of Westernport Bay, 40 miles and south-east of Melbourne.

weekend trippers from Melbourne, now boasts a fertiliser plant, an oil refinery and numerous light industries. The fore-shore—around the little fishing town of Hastings—throbs to the sound of bulldozers, dump trucks and earth-moving machinery. And in the next few years the transformation will be completed. Guest Keen and Nettlefolds, in association with Australia's monopoly steel producer, the Broken Hill Proprietary Company, have begun filling in foreshore, mud flats and mangrove swamps to complete a 2,000-acre plant and port site. Here they will establish a \$500m. steel-making and processing complex.

Other big industries will certainly follow, for the steel plant will be there and power is on tap—pipelines carrying oil and natural gas from several fields in Bass Strait either pass through or end at Westernport.

The American Esso group, with BHP, is talking of building an oil refinery and petrochemical plant near Hastings, and other large projects are being planned.

There are other good reasons for Westernport's popularity. It has a natural deep water harbour which, with a little dredging, will be able to handle 100,000 ton tankers and carriers. Land is still reasonably priced, and is readily available. And most important, industrialists have the backing of a development-hungry State Government and local council.

According to local politicians, Westernport could in time become "Victoria's Ruhr." Whether this is what electors want over the long-term may be another matter.

In 30 years the area 30 miles west of Melbourne, through to Westernport will probably be closely settled with industry and housing. Much of it already is. Demographers believe Melbourne's population then will be 12m. people—nearly four times the present. Planning for the whole area is, despite recent developments, haphazard and based on the flimsiest research. The danger is that it will become a 60 mile suburban and industrial nightmare, with the only natural industry and overpopulation it cannot be used for recreation.

Under-finance

All this becomes the responsibility of an under-financed State Government. Voracious education and health services make light work of its money. The provision of other basic services to the expanding Melbourne metropolitan area absorbs most of the remainder. The solution of longer-term problems like the plight of primary industry, or the conservation of a major recreation area close to Melbourne, are not yet very rewarding politically. One day they will be.

Property—(Cont'd.)

Continued from previous page
apparent failure of downtown residential apartments to

succeed or be accepted in either Sydney or Melbourne.

One the other side of the continent Perth over the last three to four years has experienced a rapid inflation in land prices followed by a spending spree on office development in company with the Western Australian mineral bonanza. Present reports indicate some 200,000 square feet of floor space under construction, the injection of one million square feet into the market in less than two years, with another 11 major buildings to be completed within the next year. Such figures are comparable with Sydney or Melbourne which each have a population four times greater than Perth, not to mention their financial and administrative strength. Prices of \$100 per square foot have been paid for strategic locations although the current trend appears to be either static or downwards; rental charges are hovering around \$5.50 for new accommodation. Factors contributing largely to the present "crisis" have been the reaction to meet the stress placed upon limited supply by the mineral discoveries, and by relatively uninformed or speculative decision-making by investors in the eastern states or overseas.

Rising star

Brisbane is perhaps the rising star on the development horizon, especially in terms of CBD expansion. Land prices of over \$150 per square foot have been recorded, some as high as \$200 in response to a steadily rising and as yet unsatisfied demand. The general level of rents is \$4.00 to \$4.50 per square foot of floor space.

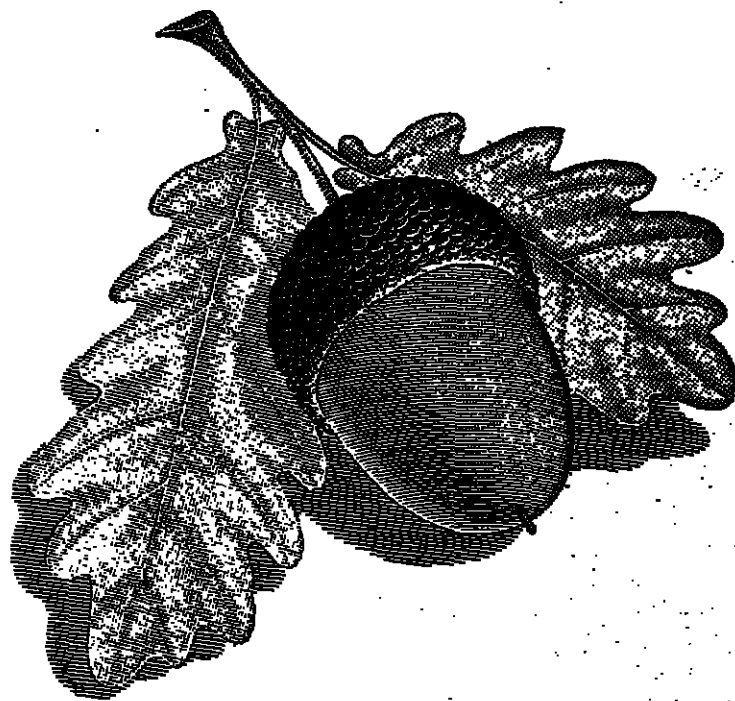
Similarly, in Adelaide demand for office space is stepping-up and land prices are expected to generally top \$100 per square foot. Current rental charges are around \$4.50, while some are approaching \$5.00 per square foot.

Canberra's property market is expanding in the residential, commercial, and administrative spheres, but its size and position as a Government city do not make for meaningful comparisons.

Overall, the metropolitan property situation in Australia must be approached with caution, despite the indefatigable optimism of property consultants who assert that "oversupply is not necessarily a bad thing!" Small developers in Sydney and Perth may not share this view, since, caught up in the boom conditions, they are not in a financial position to afford to have large areas of unlet space on their hands for a lengthy period. Their position deteriorates still further if they have cut corners and are short on quality while requiring the going rental level to cover their original land purchase price.

Brisbane and Adelaide currently offer good prospects for property investment, and there is still scope for informed enterprise in Sydney and Melbourne provided thorough investigations are initiated into precise locations relative to the micro-market, marketable quality of product, and the most opportune timing and phasing of a project. This stipulation applies in particular to that Board decision taken in far-off places—the speculative honeymoon is, at least temporarily, over.

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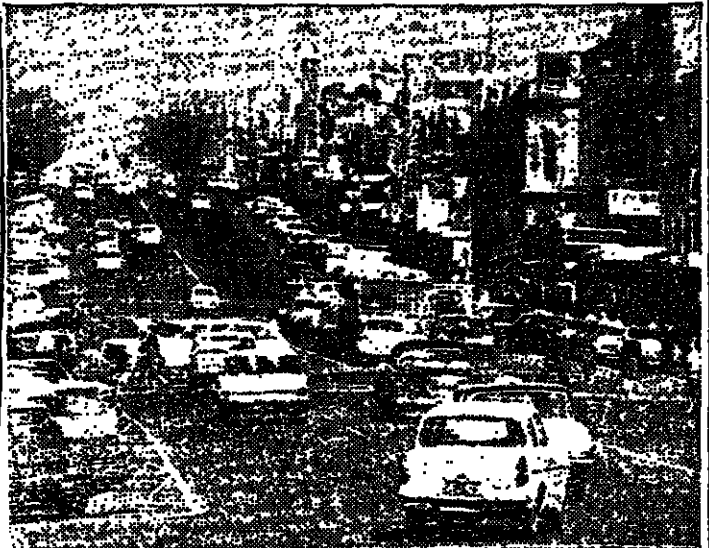
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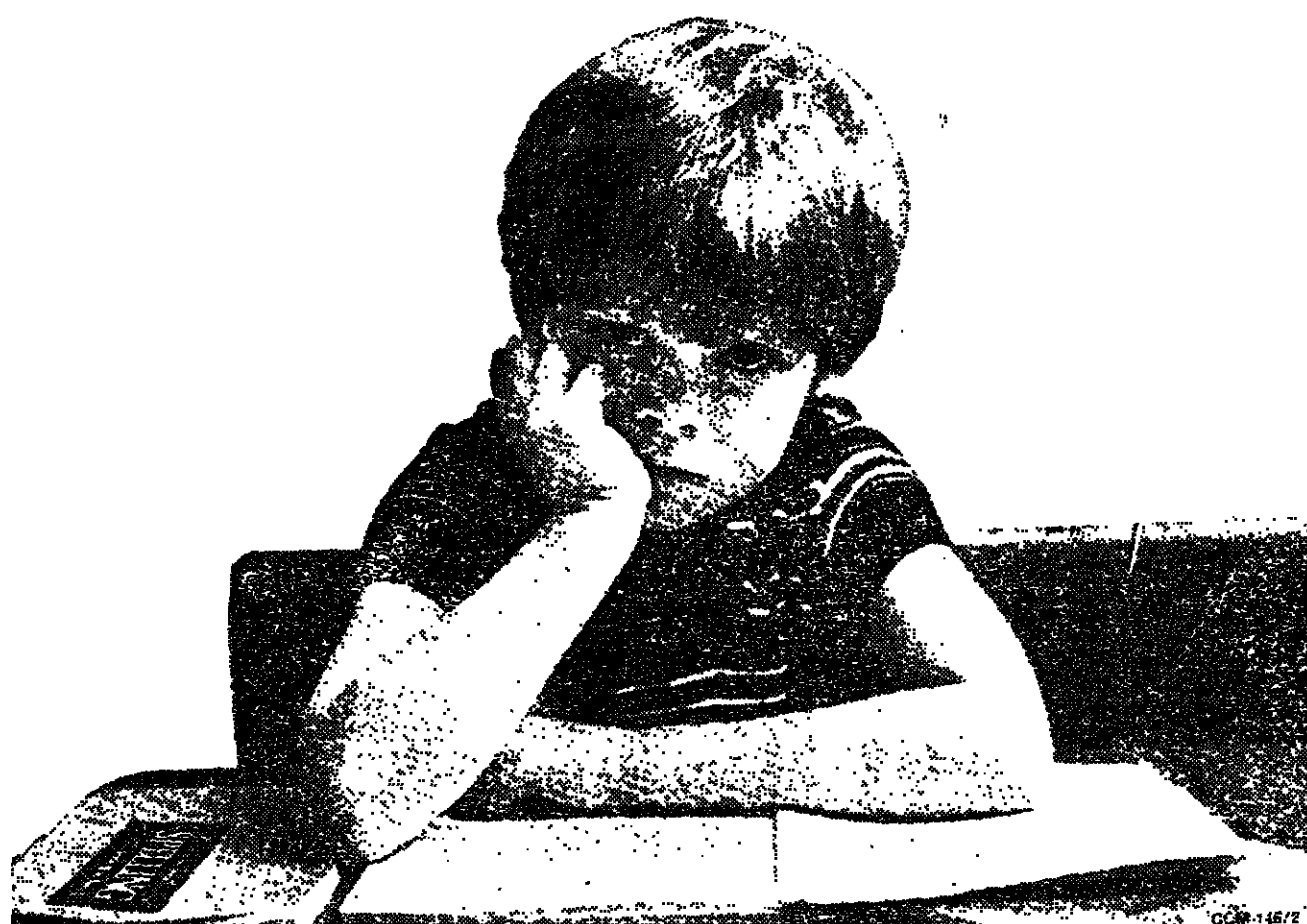
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AUSTRALIA XXVI

N. S. Wales in grip of cost spiral

By WILLIAM GOFF

New South Wales is cautiously preparing for a period of significant change in its economy, against a background of general malaise and uncertainty about inflation in the national economy.

The most populous and most highly industrialised State, NSW also has the highest land prices, highest wage levels and highest cost of living indicators in Australia. The situation poses problems for both Government and industry.

Manufacturers see themselves being priced out of many foreign markets because of their high costs in NSW. Primary producers, their high costs coupled with the continuing problem of falling returns, are being forced off the land in great numbers. The State Government is faced on one side with the problem of doing what it can to assist the farmers, and on the other with the question of how to curb the cost spiral and retain overseas markets for manufactured goods.

Seeking ways

In both areas the State knows that its own effectiveness is severely limited by its financial resources, and the Central Government must play a big role. The Liberal-Country Party Government in Canberra has recognised the rural crisis and is trying to find ways out.

But it seems to lack any long-term planning to deal with cost inflation in the secondary industries.

For instance, there is a growing body of opinion in Australia that the present arbitration system has lost touch with modern conditions, but the Federal Government is making no apparent moves to investigate more appropriate methods of wage determination and settling industrial disputes.

For its part the NSW State Government, also a Liberal-Country Party coalition, has recognised that problems associated with industry location and transport have become vital to the manufacturing industries. When it came into office in 1965, the present Government immediately set up a department of decentralisation and development, with a Country Party Minister, John Fuller, at its head. The Ministerial post ranked high in the Cabinet, but low in the Treasury, a fact which has continually frustrated its planning.

Mr. Fuller firmly believes that decentralisation of industry will play a vital part in controlling costs, as well as allowing improvements to be undertaken in transport and services in the metropolitan complexes of Sydney, Newcastle and Wollongong. About 80 per cent. of the State's manufacturing and service industries are located around these three cities, and there is increasing pressure on facilities.

However, the small Budget allocation to the department has restricted its operations to ad hoc assistance for particular firms wishing to re-locate or establish initially in areas out-

side the metropolis. An expert report, strongly recommending the intensive development of selected country towns in NSW, has been gathering dust in the department since 1969. Mr. Fuller says the key to its implementation is the Federal Government, which alone has the funds to undertake such projects. The Federal Government remains indifferent.

Sydney-based manufacturers are looking increasingly towards the country for expansion or total re-location sites. The far cheaper cost of land and labour has been shown to offset other costs involved in the distance from raw materials and markets. Transport concessions would clinch the matter for many more firms.

Country move

The manufacturers themselves see it as inevitable that many of their number will move to country centres before long. Thus, as secondary industry takes over from primary industry as the major contributor to production, it will also begin a steady takeover of the farmers' territory.

For all its problems, NSW remains the leading industrial state, and in many ways it is still the most attractive proposition for establishing industries. To begin with, the State enjoys many natural advantages. Raw materials are available in great quantities, there is a large domestic market (the population of the State is approaching 4m.)

and the three major ports on the East coast carry the great bulk of all Australia's exports. A fourth port, incorporating an extensive industrial complex covering several square miles, is planned for Botany Bay, Sydney, and preliminary work is already under way.

The power resources of the State are enormous, whether or not a proposed nuclear reactor is built on the south coast in the near future. NSW exports more than \$100m. worth of coal each year, mostly to the Japanese steelmakers, yet has sufficient known reserves to serve local power needs well into the next century. In addition, the State Government recently contracted with the State of South Australia for the supply of natural gas from that State at a price which will lead to substantial cost reductions for industries using that fuel.

Mineral exploration is going on apace, and there is some interest in off-shore basins which show geological evidence of oil or natural gas.

Manufacturers worried about the effect of their cost problem on many overseas markets, are beginning at last to look to South-East Asian markets for new orders. Until quite recently, this area has been largely ignored by Australian producers generally. Now, encouraged by the State Government, they are exploring marketing possibilities there with greater enthusiasm. The Government, again through John Fuller, sponsored a successful trade mission to Asia last year, and there have been many private trips since.

Acute shortage

There is one further limitation on the economic growth of NSW through industry, and that is an acute shortage of skilled labour. Despite a complete updating of the apprenticeship system, and a concentration on skilled labour among migrants, the shortage shows no signs of abating.

There are many people who place some of the blame for this on the employers who are themselves suffering most from the shortage. While the commercial world is offering well-endowed scholarships to young school leavers wishing to further their studies in appropriate fields, the manufacturers hold out sparse incentives indeed for potential trade trainees.

Stern outlook in W. Australia

By DON LIPSCOMBE

Change of Government in Western Australia this year has coincided with the end of the State's economic boom that was set off by minerals discoveries. The Liberal-Country Party coalition, a conservative political liaison, had been in power a record 12 years before losing control of the Legislative Assembly by a narrow margin at the February 20 elections. Labour faces a difficult time politically, since the Upper House is loaded two-to-one against the Government, and economically since it must walk a tightrope even to maintain the momentum built up over the previous decade.

Paradoxically, this situation has created a halcyon investment climate. The conservative coalition was becoming increasingly tough with companies seeking to exploit the State's resources; Labour cannot afford to be. To complete the round to paradoxes, the economic boom has busted so quickly most Liberals are privately glad they have been relieved of power at such a time. And some traditional conservative voting blocs switched sides and are embracing Labour's policies, in many ways more akin to laissez-faire free enterprise than anything developed within the carefully-framed guidelines of the previous administration.

Just as the Liberals were not anxious to herald their "guideline" tendencies, Labour is unwilling to make a big thing domestically about its impure politics. Away from home, Labour Ministers talk of continuing and developing the line that so radically changed the State's economic outlook over the past few years. The new Premier, Mr. John Tonkin, has made it clear no obstacles will be put in the way of overseas investors wanting to make the most of what his State has to offer. This politically unlikely attitude is immune from the Opposition on the Right, and will be maintained until the Left-wing from Trades Hall calls the Government to heel.

Jobs first

And this is Western Australia's tightrope. To stay in power, Labour—parliamentary and union wings—must maintain progress or at least avert an economic backslipping. To do this, Socialist doctrines are put aside and traditional stances speculative for one year, and a are compromised. Overseas capital is more than welcome, since it is more than ever necessary. It has become a matter of jobs or principles, and for the time being at least, it is economically and politically. Government expenditure has already been cut back and State taxes Economically, Western Australia is suffering withdrawal budget is likely to be the signal

symptoms after several years of boom. This has been most drastic on farms, where expansion was part of the 1960s creed. Nationwide trouble with wheat over-supply and low wool prices has been aggravated in the west by a poor season. Farm prices are falling, and despite election promises to stop foreclosures, Labour does not have the money to prop up the rural sector.

Delicate stage

The building industry has been through the whole cycle from feverish activity to slump, and is at a delicate stage where an upturn in demand is near but recession has been around so long that building tradesmen have left the State. A glut of home units has created a buffer between the needs of new home-makers and a badly-needed boost for the cottage industry. At the same time, flat construction has retreated from a peak of 3,600 units per quarter at the end of 1969 to a five-year low of 750. In the city, 11 new major office blocks are under way to be finished next year. Without a major change in the pattern of demand, this backlog will take between three and eight months to clear.

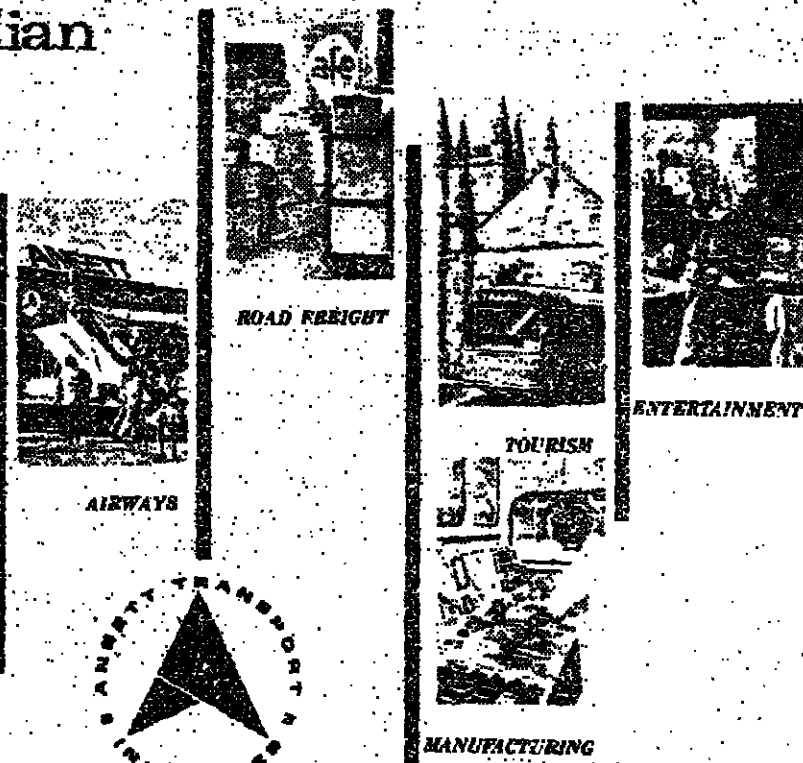
In national comparisons of typical shopping baskets, Perth is being found to be Australia's most expensive city to live in. After having taken 16 years to edge up 10 points, the consumer price index moved another five points in the past year, and the trend is continuing.

Unemployment is higher than it has been for several years, although at 1.65 per cent. of the workforce it is still particularly low by most standards. The national sport of playing the nickel share market has been rendered out of season, and a remarkable spread of West Australians has been affected in one way or another, for as the market's money pipeline has dried up the mining service industries have been forced to retract.

The new government, yet to show how it will handle these widespread problems, also has the prospect of stern, across-the-board budget measures in the next few weeks. In one week, Premier Tonkin and his financial advisers were burdened with a rise in police pay, one in teachers' salaries made retroactive for one year, and a machinery set in motion when Mr. Tonkin was Leader of the Opposition, yet damaging economically and politically. Government expenditure has already been cut back and State taxes will have to rise. The stern budget is likely to be the signal

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AUSTRALIA XXVII

Tasmania widens its economic scope

By ROGER LUPTON

The State of Tasmania still relies more heavily on rural earnings than the other Australian states, exporting each year 14,000 tons of meat, 10,000 tons of butter, 219m. lbs of apples and 30m. lbs of wool. The island has been affected by falling world prices and seems certain to be hit fairly hard by Britain's entry into the Common Market.

It is also the home of some of the country's biggest industrial enterprises—Comalco Aluminium; EZ electrolytic zinc; Cadbury-Fry Pascall confectionery; ANM newsprint; APPM paper and pulp; Repco engine bearings; Coates Patons woollen yarn; Mt Lyell copper; Renison tin; Petersville processed vegetables; Tilan paint pigments; and Temco ferro-manganese.

In the past most industries have been attracted to Tasmania by cheap power, plentiful water, a stable workforce, cheap industrial land and accessible deep-water ports.

With only three per cent of the national population at 400,000 people, Tasmania accounts for 10 per cent of the power generated in Australia. It has the most developed hydro electric power system in the world outside Norway, and its prices are substantially cheaper than those offering anywhere else in Australia. Despite a recent increase of 17 per cent in domestic power charges bulk rates remain the same.

The State has recently embarked on its biggest power developments, the Gordon Scheme Stage One, in the south-west of the State, at a cost of more than \$114m. Parliament has also recently approved plans for a similar scheme on the Piean River system which will cost in excess of \$120m.

Interest rates

At the same time the State has recently completed its first non-hydro project, an oil-fired thermal station in the north. There is in this an admission that rising interest rates may soon make capital-intensive hydro schemes too costly in the near future.

Two other events also suggest that the State's Hydro Electric Commission's dominant role in the Tasmanian economy may be nearing an end. The State Premier, Mr. Angus Bethune, said recently that during the past 30 years the State had been "rather mesmerised" into trying to attract big power-using industries at the expense of small, potentially labour-intensive industries, like tourism. Now the Government has mooted the formation of an advisory council to assist the Government in achieving total utilisation of its water resources. Though surprisingly rich in natural resources, Tasmania's economic development in the past has been compromised by

one obvious physical fact: its separation from the mainland by the waters of the Bass Strait.

A decade ago the island was more effectively connected to the mainland by the introduction of roll-on, roll-off ferries operating between the four main Tasmanian ports (three in the north and one in the south) and the two big mainland ports of Melbourne and Sydney. In September last year the State was integrated into the Australia-Europe container shipping system, giving exporters access to one sailing every five days at the same freight rate as other Australian shippers.

But in April this year a nationwide strike by marine stewards cut the island's sea links with the rest of Australia and the world. Millions of dollars worth of outward bound cargo and many tourists were stranded on Tasmanian wharves: hundreds were threatened with unemployment and inter-State and overseas markets were jeopardised.

The State Government is negotiating with the Australian Council of Trade Unions to insure the State against similar disruptions in the future, but it is unlikely that Tasmania can convincingly pose as an attractive home for market-oriented manufacturers relying on sea transportation, at least in the near future.

Meanwhile a number of other recent developments in the

small economy have given rise to optimism.

Almost the entire State is under active mineral exploration and the coastline is being probed for oil and natural gas. Iron ore being exported from the Savage River on the west coast is expected to earn \$400m. over the next 40 years and there is the prospect that a consortium of steel makers will set up

a small, special steelmaking plant on adjacent reserves.

A tin mine at Mt. Cleveland has been re-opened at a cost of \$9m.; \$10m. has been invested in tin concentrate production at Renison Bell; \$30m. is being spent converting Mt. Lyell copper mine at Queenstown from an open cut to an underground operation; and the Emu Bay Railway Company is



Elizabeth Street, Hobart's main thoroughfare, looking towards the northern suburbs.

Northern Territory looks to statehood

By MICHAEL SOUTHERN

There are no rules by which uranium deposits, of oil and gas. Added to this is a new interest in the pastoral industry.

At present, the Northern Territory is under the administration of the Commonwealth Government, and much as the Territory appreciates the annual flow of funds for its development (\$500m. over the last seven years), the growing population is becoming increasingly disturbed over the fact that the important decisions about its present and future are made some 2,000 miles away in Canberra. And, as the population grows the problem of jobs becomes important, and self-government would at least provide a civil service that would in turn offer jobs. Government is an important employer in Australia—in all, one in four

workers is employed in the various levels from federal down to local. Measured in terms of the new money that mining is bringing into the Territory, there is a basic case for independence now. But it is widely felt that it will be some years before Canberra hands over control; indeed Papua New Guinea will be self governing long before the Northern Territory.

In 1969-70, the overall net value of production for the Territory was \$49m. (mining \$21m. and rural industries \$19m.). Once projects like Gove get under way, it will quickly top the \$100m. mark.

Alumina plant

On the mineral side, Northern Territory is shipping out \$24m. a year in bismuth, copper and gold from the Peko-Wallsend Tennant Creek project. The new Warrego mine will have an output of 40,000 tons of copper a year, building up to an export income worth some \$40m. to \$50m. on current estimates. Gove, that \$300m. project in the north, has already begun exporting bauxite, and when complete its alumina plant will have a capacity to produce 1m. tons a year by the end of 1974. In hard cash terms this project should earn between \$60m. and \$70m. a year by 1975. The future of the uranium finds is another matter, discussed in greater detail elsewhere in this survey. But orders won by RTZ have enabled the reopening of older uranium centres. The oil and gas fields have not been tapped, and with discoveries in the north west shelf moving towards a commercial gas field, it may well be that the Territory's deposits will remain untouched for a long time. But it is a comfort to know they are there. There is talk of an oil and gas refinery at Alice Springs.

There has, in recent years, been a massive investment by foreign interests, mostly American, in the top end of the Territory, an area where an average rainfall of 60 inches a year in the wet season is of great comfort to the pastoral interests. More recently, an Australian millionaire and pastoralist, Mr. Bryce Killen, announced a \$6m. venture which will involve international backing as well as local capital to develop 13m. acres of a 3m.-square-mile property at Willeroo for cattle and grain sorghum. Cattle have been increasingly important to the territory and are worth \$4m. a year in exports alone. Fishing, too, is developing as a major industry, with prawns currently worth \$4m. a year in export income, and this is expected to reach some \$10m. in the near future. Tourism is growing, particularly now that the Territory is being served by jets. Latest estimates suggest that tourists bring \$18m. a year into NT.

spending \$5m. re-equipping to cope with the increased business from the west coast mining areas.

Though external transport is a factor largely beyond the State's control, moves are being made to rationalise the internal transport system. Railways have been freed to make door-to-door deliveries and road transport operators are being freed from paying a fee each time they move outside their small local area. The State has recently negotiated finance to build a 28-mile rail link from the big Northern centre of Launceston to the port of Bell Bay. One of the main functions of the new link will be to provide transport for the State's growing woodchip industry.

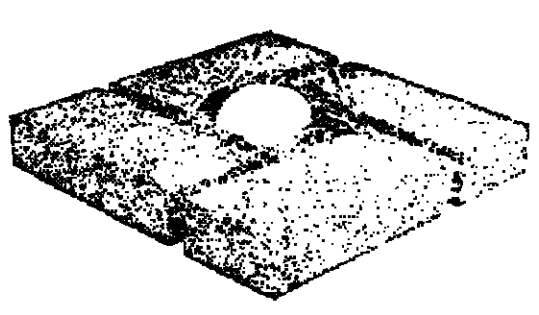
Forest products earn Tasmania \$100m. a year and this figure could well double with production of woodchips. The Japanese came to Tasmania looking for chips for their rapidly expanding pulp industry in 1968. Now Tasmanian Pulp and Forest Holdings Ltd. have a contract to supply Jujo with

600,000 tons of chips each year for 15 years from their \$7m. plant at Triabunna on the East coast, and APPM and Northern Woodchips Pty. Ltd. have similar contracts to supply several other Japanese companies from their plants on the Tamar River in the north of the State.

The industry which appears to offer the most immediate returns to Tasmania is tourism. The Government has set up a Tourism Development Authority with wide powers to control the standard of tourism facilities and recommend money being spent on worthwhile projects. So far tourism earnings only amount to about \$12m. a year. It remains to be seen whether private and public resources will be found sufficient to augment the State's tourist attractions with the necessary man-made facilities.

The most optimistic symbol for the future is a new hotel-casino complex on the banks of the Derwent River in the southern capital of Hobart. A number of overseas shipping lines and airlines have already made special arrangements for the casino opening late next year. In the meantime, five other groups of promoters are jockeying for Government approval for a second casino hotel in the north of Tasmania.

Whatever the long-term effects of the casinos (the first in Australia), they could give Tasmanian tourism a short-term boost towards making it a viable industry.



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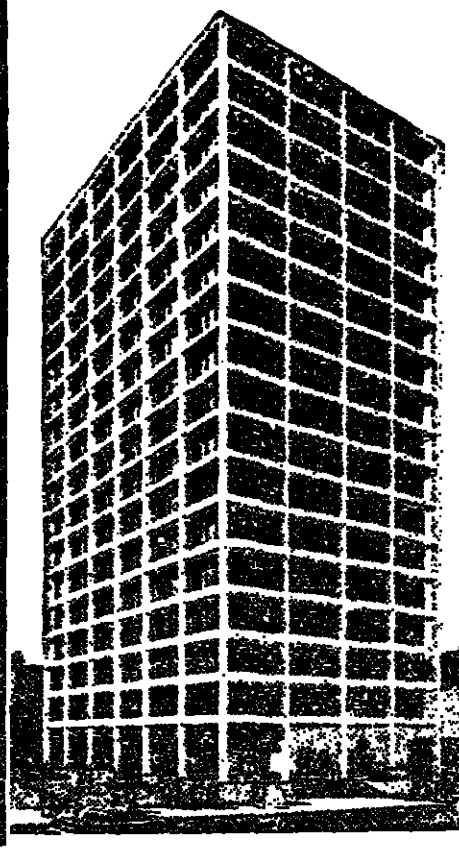
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Goliath Portland Cement Co. Ltd.	\$8 Million
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Economic switch in Queensland

By MICHAEL SOUTHERN

As Queensland's dependence on her new-found minerals industry has grown and her efforts to attract manufacturers have increased, the relative importance of her rural industries has declined. At the same time, the rush by this State into the era of mining and manufacturing has been at such a pace that conservationists are deeply disturbed over an attitude on the part of government which, they claim, puts development above all else.

That the State had to switch the economy from rural to mining and industrial pursuits is undeniable. Even with modern methods, good seasons (in some areas) and good markets, the contribution towards the State's economy by primary producers has remained fairly

static. For 1968-69, it stood at \$A517m. At best, the last fiscal year will show a small decrease on this. Mining activity on the other hand has grown spectacularly from the \$A40m. of the late fifties to \$A153m. in 1968-69 and \$A313m. in 1969-70. The 1970-71 figure will show an even more remarkable increase.

But the real concern for the rural sector is no longer that of coping with droughts and floods. It is the problem of rehabilitating distressed sheep farmers and the uncertainty over the future of the sugar industry once Britain enters the Common Market. Of all Queensland's rural activities, the sugar and beef men have been by far the most successful. Fortunately, the beef men have their market in the U.S. The sugar industry

is controlled by international rules, and faces a severe loss if it loses the British market (and it is becoming quite clear that it will). It is not just a case of the economics of losing a guaranteed \$35,000 tons a year market at better than world rates. As these cannot be replaced, its effects on a vast area of the State which is built around the sugar industry will be those of declining townships, unemployment and a decline in a vast network of services built around this single commodity.

There are some 250,000 people dependent on sugar for their livelihood. Sheer distance prevents them from moving into other jobs quickly, no matter how much work is created by the mining industry. For while the Queensland Government has

tried to encourage manufacturers, they are not in any great hurry to move to Queensland, and those who do want to be near the labour and consumer market of Brisbane.

Meanwhile, the mines grow. Mt. Isa Mines is expanding at Mt. Isa itself, and has embarked on a \$A100m. project at nearby Hilton. The world's biggest alumina refinery at Gladstone is now in the middle of a third expansion phase costing \$A125m. Metals Exploration is raising the capital for its \$A200m. Greenvale project near Townsville. Recently the State government announced that three more major projects, worth at least \$A200m. were "just around the corner" and he spoke with his usual industrial enthusiasm about six more likely ones in the next two years.

The miners have also been responsible for a remarkable shift in the exporting ability of the State. Minerals are worth more than \$A300m. in foreign currency, the bulk of it tourists spent more than \$A140m. in this State, mostly on its famous Gold Coast south of Brisbane, a strip of beach development where land is expensive, lights are bright and

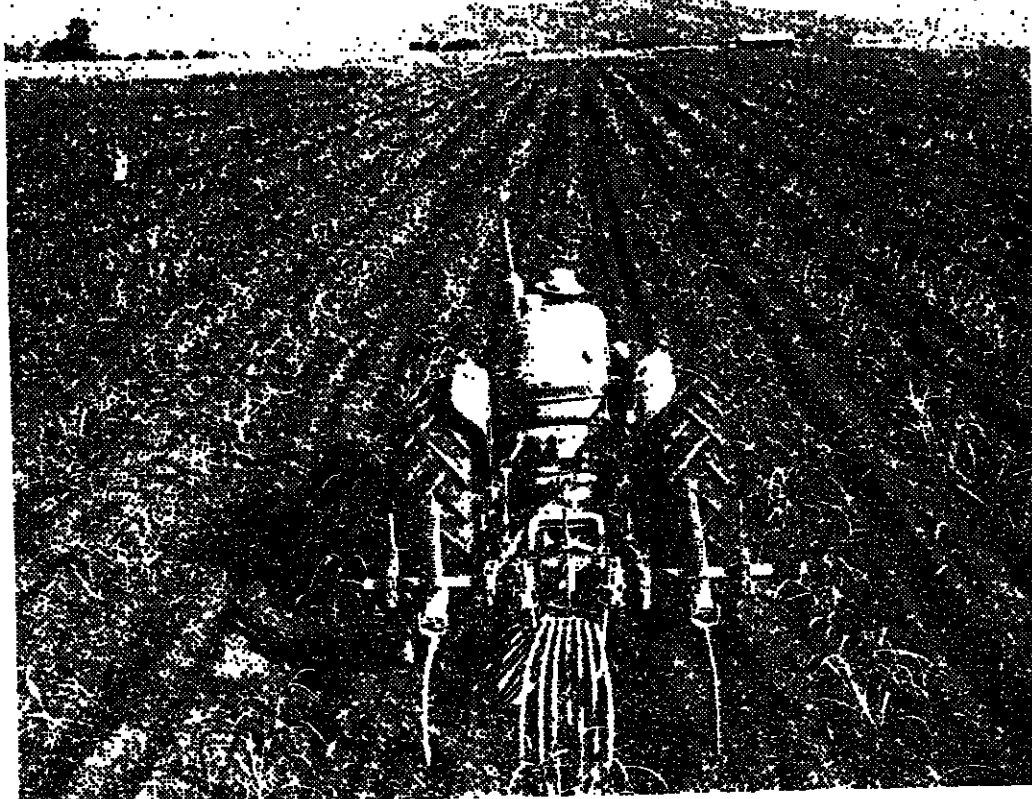
the buildings dense, tall and ugly. Politically, Queensland is beyond doubt the most reactionary of all States, with its Country Party-dominated Government secure in the knowledge that the boundary distributions will ensure that it stays there. It was Queensland which, more than any other State, wholeheartedly welcomed the Springboks (even though the standard of Queensland Rugby is poor), declaring a state of emergency to ensure that its police force had the necessary powers to deal with demonstrators and ensure the matches were played. It is the Queensland Government which has come under most criticism for the share dealings and holdings of its Ministers and against which allegations of corruption are frequent.

But Queensland's way of life is gentle to the point of laziness, its outlook parochial to the point of introspection. Everything has potential, as any Queenslanders will tell you—and no one can deny that, for all their faults, Queenslanders are certainly the most optimistic of Australians.

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Cultivating young sugar cane plants on a farm in Northern Queensland.

Factory production

As the miners grow, secondary industry, based around them, is expanding. The net value of manufactures in the last financial year will be somewhere close to \$A800m., in 1968-69 it was \$A664m. The annual rate of increase in factory production now runs above 11 per cent. compared to 7.3 per cent. in the previous five years.

The growth rate generally is hampered by the lack of capital, though here again there has been a significant increase. The New Guinea is not excluded from the EEC when Britain enters the market. At present that current capital commitment on just over 400 public and private enterprise projects totalled \$A2,735m. compared with \$A2,126m. a year ago. Two years ago, the capital commitment

is of critical importance that the territory of Papua and the agricultural sector is of vital importance as a means of absorbing the growing territory workforce.

Because of the Bougainville copper project, and the investment there by Cominco Limited of Australia Ltd. and the Australian Government pumping more than \$100m. a year into the territory, it has a phenomenal growth rate of around 15 per cent. a year (without inflation). And even if the Bougainville project is excluded, the growth rate has been in the vicinity of 10 per cent. in recent years.

However the monetary sector of the economy is only a small segment of the whole economy which is largely subsistence. A mere 12 per cent. of the workforce is employed in the modern sector at the present time; even if the current phenomenal growth rate could be maintained until the end of the century, territory manpower planners have calculated that only 15 per cent. of the workforce would be absorbed into the modern sector of the economy. (Semi-subsistence agricultural workers, who would probably derive most of their income from the subsistence sector of the economy, are excluded from this definition of the modern sector workforce.)

Obviously, the slow rate of absorption of potential workers into the monetary sector in spite of the economic growth rate, is storing up immense social and political problems for the territory in the post-independence future.

The problems appear potentially explosive when it is realised that the territory has a system of education which gives every second child of primary school age the chance of a primary education. At the same time, the chances for most of these students of being absorbed into the monetary sector of the economy (to which they have been taught to aspire) is remote—unless opportunities can be opened up in agriculture with the possibility of mixed subsistence and cash farming.

For this reason, if the territory is to have any chance for



Papua-New Guinea needs British market

By KENNETH DAVIDSON

stability after independence. Government expenditure is aimed at building up the infrastructure of basic Government and Government services, and form a supplement to subsistence farming. Thus, it is important that the territory should not be excluded from selling copra, coconut oil, coffee, cocoa and palm oil to an enlarged EEC.

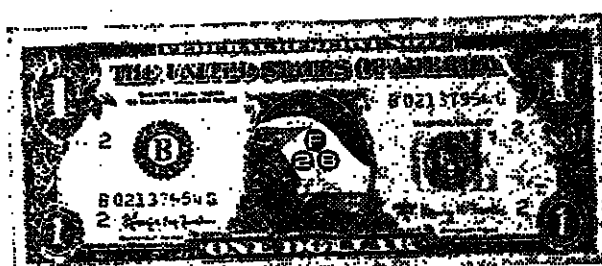
The territory case for access to the EEC rests, of course, on the moral arguments related to under-developed countries. However the territory does not discriminate in its import policies in favour of the metropolitan country—which in this case is Australia—so that EEC countries can export to New Guinea without discriminatory barriers. The territory wants at least similar treatment in return. And hopefully the members of the EEC will get around to discussing the status of the territory at the meetings in Brussels later this year.

700 languages

The territory is one of the most primitive areas in the world. It covers some 180,000 square miles of extremely rugged terrain and has a population of about 2.5m. people of Melanesian origin, speaking more than 700 languages. The non-indigenous population totals just under 400,000 and consists mainly of Europeans and territory-born Chinese. In spite of the massive injection of funds by the Australian Government into the territory, per capita incomes are in the vicinity of only \$20 a year. Most

There are seven other large areas in which the administration is attempting to interest developers and some are associated with agricultural development such as stripping the forests for palm oil production. Another industry being developed is fishing. The administration has established a joint fishing venture with Japanese interests to exploit skipjack tuna with shore-based processing plant. Within a couple of years the administration expects exports of fish from the territory to exceed the total Australian catch.

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The site for the port and wharf facilities of the Bougainville copper project.

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SOCIETY TO-DAY

How the police could combat violent crime

BY JOE ROGALY

THERE ARE at least two wrong ways of responding to the recent spate of police and judges' propaganda in favour of treating hardened criminals more harshly. The first is the ill-considered approach which consists of professing that prisoners are regarded as anything other than patients; the second is the rear-guard conservative attitude, whose proponents derive a perverse satisfaction from the prospect of revenge. There is only one right way, which is to consider, calmly and justly what practical steps can be taken in order to reduce the amount of crime, and particularly violent crime.

Before this can be done it is essential to have a look at the figures, for without them it is not possible to pursue any serious examination of crime in this country. It might be different in America, where everyone knows that the amount of murder is frighteningly high and that certain streets are dangerous to walk in, but over here the quantity of crime is still low enough for it to be possible to take time out and look at the statistics.

Clear-up rate

These tell us that the total number of indictable offences known to the police in England and Wales has more than trebled over the past 20 years, from 481,435 in 1950 to 1,555,994 last year. During that period the proportion of these offences

"cleared up" by the police fell in most years, although in the past year or two it has risen again.

In the provinces, the clear-up rate is now back to 49.3 per cent., nearly as good as the 50.9 per cent. of 1960. In London, where the police have been far less successful in catching criminals than elsewhere, the overall clear-up rate rose from 24.7 per cent. in 1968 to 28.8 per cent. last year. Scotland Yard announced with some pride last week that in the first half of this year there was a further increase to 29.1 per cent.

New methods

Looked at through the correct end of the telescope, however, the London police performance is nothing to write congratulatory letters to the Home Office about, since, this way round, the picture shows that more than 70 per cent. of the crimes known to have been committed in London are not cleared up.

Thus far, the figures tell an unhappy story. But it is not quite so bad as all that. An inescapable proportion of the apparent increase in the crime rate may be attributed to the introduction of more modern methods of policing and therefore of recording of crimes. The use of patrol cars and walkie-talkies enables policemen to arrive more quickly at the scene of a crime; hence notebooks are fuller.

The change in the general notion of who needs the services

of the police has contributed to a rise in the statistics for crime in what were once slum areas—places in which in former years a drunken brawl would often not have led to the calling in of the police.

The next and most vital step towards a calm approach to criminal statistics is to look at the details. The police's "indictable offences" covers everything from premeditated murder to pinching the money from the gas meter and even the broad sub-category of "offences against the person" covers a wide range of possibilities, from serious violence down to bigamy.

Of the 1.2m. indictable offences known to the police outside London in 1970, some 714,000, or substantially over half, consisted of "offences against property without violence." The next largest category, "offences against property with violence," numbered around 355,000; the seriousness of this particular category arises from the possibility of hard violence (which always exists in, say, house-breaking) rather than its actuality.

The number of cases of violence against the person, again taking the provinces only, was 33,731, and there were also 21,171 sexual offences. The London figures, which are broken down in a slightly different way in the published statistics, show roughly the same proportions.

It will be seen from all this

that the kind of crime that really causes widespread social outrage—murders, assaults, and the like—is numerically far less significant than the headlines sometimes imply. What is more, it seems that a major proportion of the crimes of violence that do occur still takes place, as do murders, between people who know one another—be they relatives, friends or acquaintances. This is strongly suggested by the high clear-up rate (around two-thirds) for crimes of violence.

Carrying guns

Yet when all this is said there remains the irreducible core of figures that show that crimes of violence are increasing sharply; it is also apparent that there exists a number of criminal gangsters who are prepared to carry guns, and use them, when they are out on a robbery or a burglary. The London police can take credit for a high clear-up rate (it has risen to 69.7 per cent.) of offences against the person, but this cannot disguise the fact that there is still a two-to-one chance of not being caught for a robbery.

It is at this stage that the practical implications of the figures become clear. The first is that the possibility of being caught is not the deterrent that it should be, if only because the odds are distinctly in favour of the criminal. No amount of harsh punishment can deter if the man believes from the



beginning that he will get away with it. And the second is that something does indeed need to be done to reduce the amount of violent crime.

Towards this end it may be reasonable to confiscate the property of burglars (as the police demand) in order to render the profession less profitable. Minor modifications of some of the judge's rules may be desirable, provided that the result is not a reduction of the safeguards against wrongful conviction. And, provided that the rate of detection is increased, there might be a case for experimenting with a special "hard régime" for robbers and burglars who carry guns, although this should never be a permissible sentence for a first offence.

The reasoning is that the practical way to prevent crime, once the man is caught, is to rehabilitate him so that when he is released he is immune to temptation to commit a crime again. This is still generally true; yet it may be that some gangsters who repeatedly come back are beyond redemption; for them, if they insist on using guns, society has little option but to protect itself by imposing, and sticking to, long sentences; the deterrent effect of special harshness would remain to be proved.

In any case severity would mean nothing if the detection rates stayed low. For this reason our society must arrive at a fresh definition of just what it wants the police to do. It is not

possible, given the amount of police manpower that we are prepared to pay for, to tackle all kinds of illegal activity at once. In some cases, the police prosecute people for actions that a great part of the public consider to be mere technical infringements; parking offences, for example.

The first priority, if the police are to concentrate on crime, should therefore be to transform the national corps of traffic wardens into a force of special traffic police. This would improve relations between the existing police forces and most of the public, and it might make it cheaper (because of lower standards of recruiting) to police traffic.

Pop concert

The second must be to persuade chief constables to get their social priorities straight. As the week-end showed, there can be a need to keep the peace at pop festivals. But when hundreds of policemen turn up, some of them in plain clothes (that is, pseudo-hippie costume), in order to sniff out marijuana that may be going, that is evidence of a lack of sense of proportion. The same is true of police attention to supposedly improper publication. As a citizen, I want to be protected by the police, not told by them what I may read.

The police, in short, would do well to spend less time harassing power to tackle serious crime.

the so-called "underground" and more time catching serious criminals. If this sounds to some people to be too liberal to be borne, the answer is, again, that it is a matter of practicality.

A precedent

For it is certainly true that a majority of people in this country have feelings of distaste for the long-hairs and those who read or sell pornographic material. The question is, what is the most efficient manner of putting these manifestations of our present era out of sight of those who find them unpleasant? In my view, the Dutch have the right answer in "repressive tolerance." The police let it be known that what goes on in such and such a part of town will not be noticed, if it happens anywhere else it will be sat on, hard.

This method has a precedent in the Gaming Act, which concentrates houses of gambling in certain areas so that they are easier to watch over. The present method of tackling the "underground" is expensive of police manpower and plainly not very effective; harsher repression would magnify these disadvantages. In this aspect of modern life the right way to arrive at the most beneficial policy is to follow the logic of the facts. And they lead to "repressive tolerance," which would release more police man-

Labour News

Strike suspended at British Leyland

BY JOHN ELLIOTT, LABOUR EDITOR

DISRUPTION in the motor industry, which had led to 21,000 workers being made idle, was eased yesterday when engine dispatch workers at British Leyland's Longbridge plant in Birmingham decided to suspend their week-long strike for two months.

This stoppage has halted Austin-Morris Mini production of 3,600 cars worth £2.5m. and caused 3,000 men to be laid off at Longbridge and a further 3,200 at the group's Castle Bromwich body works. But they are to be progressively recalled when the strikers return to work to-night (Tuesday) following factory-level talks yesterday.

The decision to suspend the strike came shortly after the chairman of British Leyland's Triumph division, Mr. W. H. Davis, warned his employees that, unless the company improved its production performance, redundancies would "not be a possibility but a certainty."

Writing in *Triumph News*, the company's own newspaper, Mr. Davis said that the organisation was going through one of its worst periods in recent years, and that it could expect "an even rougher time" if production programmes are not speeded up.

Superficial examination of two Japanese motor cars in the possession of the company had revealed their "tremendously competitive nature." Their retail prices throughout the world and the dramatic increases in production quantities left, Mr. Davis stressed, no room for complacency.

"That the world owes no one a living has undoubtedly been accepted by the Japanese car maker, how long it is to be before we give the fact equal recognition" he added.

Mr. Davis pointed out in a message that during the current financial year the company had not achieved during any week of its projected production programme, a percentage "of this volume."

"One of my main responsibilities to the company is to ensure

Go-slow

Triumph itself is hit at its Coventry works by a go-slow operated by its internal drivers who are involved in a manning dispute. They clear finished vehicles from the assembly lines.

As a result of the go-slow some 2,000 workers have been laid off, and all Triumph car production, except for the Toledo, which is made in Liverpool, has been seriously hit.

Meanwhile, the dispute at Lucas in Birmingham, where 300 maintenance engineers have been on strike for over a week, is continuing. Some 13,000 Lucas employees have been laid off at the company's nine Birmingham factories, but the major motor manufacturers have not yet started to suffer from a shortage of the company's components.

Peter Cartwright, Midlands Correspondent, writes: The 26 Austin-Morris engine dispatchers decided yesterday to postpone their strike for two months after six-hour talks with a union official to allow time for their pay dispute to be resolved.

The wages of the 26 are at present geared to 77 per cent. of the piecework earnings of other workers in sections of the plant, and they are demanding a full piecework system to give them comparability.

At yesterday's talks with Mr. George Wright, district secretary of the Transport and General Workers' Union, the 26 unanimously rejected a formula based on standard day work system put forward by the management, which is seeking to introduce it throughout the plant.

KNITWEAR UNION, EMPLOYERS IN RESEARCH PLAN

The National Union of Hosiery and Knitwear Workers has reached an agreement with the Knitting Industries Federation—the employers' organisation—to set up a committee to inquire into economic trends and other matters affecting the industry.

Mr. H. L. Gibson, the union's general secretary, says the committee will have the power to represent the industry in making submissions to the Government or other bodies and will initiate examine low-cost import and the

Wine sales soar by 28.7% in year to record

BY KENNETH GOODING

WINE SALES reached their highest level yet during the first six months of 1971. Boosted particularly by the demand for table wines, clearances from bond in the January-June period were 16.67m. gallons, or 28.7 per cent. ahead of the corresponding months in 1970.

More important, the total was also well above the previous peak of 14.26m. set in the first six months of 1968, before duty increases took their toll of wine sales.

"The present trend clearly indicates we are on the threshold of a mass market for wine," said Mr. Peter Noble, chairman of the Wine and Spirit Association. "In the 1960s the trade was continually fettered by the Treasury, with almost annual increases in duty which severely restricted the development of the market."

"Those fetters are still on, of course, but none has been added

in the past two years and, with prices being kept as low as possible, more consumers' purses are running to a few bottles a year."

"It is a trend which I hope—and expect—will become even more marked when we join the Common Market," he added.

The Association's analysis of figures released today by the Customs and Excise shows that 2.02m. gallons of table wines were cleared from bond in June, 28.9 per cent. above June, 1970. On the half-year comparison, the increase was 32.4 per cent.

High-strength wines—port and sherry types—were up 13.6 per cent. in June as compared with the same month in 1970, while the January-June total was 23.9 per cent. ahead.

Champagne (a 17 per cent. increase) and other sparkling wines (11.5 per cent. more) contributed to the buoyancy of the market in the first six months of

this year. Clearances of champagne amounted to 448,000 gallons.

The success of British wines was registered in June clearances of 1.11m. gallons, a 30.1 per cent. advance on the same month last year. The half-year increase on 1970 was 22.9 per cent.

Exhibition of light aircraft opens to-morrow

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BIGGEST exhibition of business and light aircraft yet to be held in this country opens to-morrow at Cranfield Aerodrome, Bedfordshire, to-morrow.

The "Business and Light Aircraft Show" is sponsored by Flight International, the aeronautical magazine, and supported by many organisations in the aviation industry. It will encourage the ownership and operation of light aircraft by businessmen and industrialists, and promote aircraft as a new tool of management.

Organisations participating include the British Light Aviation Centre, the Business Aircraft Users' Association, the General Aviation Safety Committee, the Guild of Air Pilots and Air Navigators, and the Society of Licensed Engineers and Technologists. The show also has the approval of the Society of British Aerospace Companies.

During the exhibition there will be a number of lectures by businessmen and industrialists on the benefits derived from using aircraft, and to-morrow, the opening day of the show, the Business Aircraft Users' Association is holding a seminar to be addressed by Mr. Bernard Carfoot, deputy chairman of Allied Breweries, on the subject.

Over 40 manufacturers, distributors and other organisations involved in the light aircraft market will be exhibiting a wide

Glaxo to build factory in West Germany

By John Trafford

GLAXO is to set up its own manufacturing plant in West Germany, using part of the DM17m. loan which it raised there last month. A spokesman for the company confirmed that negotiations for the purchase of a site were well advanced and should be completed soon. The location is not being revealed until the deal is complete.

At the new site, Glaxo intends to build a modern manufacturing unit which, it is thought, will take pharmaceutical intermediates from the U.K., process them into finished products and pack them. A cost estimate of DM16m. for the proposed investment, given in the *German Press*, is believed to be fairly accurate.

Jaguar XJ series output passes 50,000

PRODUCTION of the Jaguar XJ series of saloons, including the Daimler Sovereign, has passed the 50,000 mark. About 28,000 have been exported, Jaguar Cars (British Leyland group) said yesterday.

The company also disclosed that more E-types were being made available for the home market.

Output of the XJ series from Alresford, Coventry, has been progressively built up and is approaching 650 a week. "The effect is a gradual reduction of the new-car customer's waiting time for delivery," said Jaguar. In the U.S., which usually receives about 100 XJ models a

week, demand was stated to be particularly high. "The XJ is providing Jaguar with its first major impact on the American luxury sedan market for several years."

Jaguar has been shipping most of its sports cars to America for over 20 years, and nearly 80 per cent. of the E-types has been the regular U.S. export.

Because of uncertainty surrounding deliveries to the U.S., it has been decided to step up the proportion of E-types for the home market in the autumn, for a limited period only, thus improving availability, the company stated.

Record harvest hopes dashed

BAD WEATHER and crop disease have dashed early hopes of a record harvest, the Ministry of Agriculture said at the week-end. Late spells of sunshine, however, have helped farmers with cereals and the general level of yields will be higher than in 1970.

"Good weather early in the year made us think the harvest as a whole would be a record," said the Ministry. "But there have been heavy storms and cer-

tain varieties of cereals have been attacked by disease. "The overall picture at the moment is based on preliminary reports, but at the moment we are inclined to think it will be a good, rather than a record, year."

Cereal growers have increased their acreages of oats, barley and wheat, but rain and soil moisture have prevented extensive harvesting by combines, which have become stuck in the fields. In England and Wales,

fields under wheat have gone up 200,000 acres for 1970, an increase of 8.71 per cent. Barley has risen 65,000 acres (1.4 per cent.) and oats 7,000 acres (1.3 per cent.). "The wheat is good both in quality and quantity," said the Ministry.

A National Farmers' Union spokesman in East Anglia, where only 25 per cent. of the crop has been cut, said: "The present good weather needs to continue if satisfactory progress is to be made with the cereals harvest."

This announcement is neither an offer to sell nor a solicitation of an offer to buy these securities. The offer is made only by the Prospectus.

New Issue

4,000,000 Shares

MassMutual Corporate Investors Inc.

Capital Stock

MassMutual Corporate Investors Inc. is a closed-end, non-diversified management investment company designed to afford investors an opportunity to participate in direct placement investments purchased at the same time and price and in equal amounts by the Corporation and its sponsor and investment adviser.

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The investment objective of the Corporation is to develop a portfolio of securities providing a fixed yield and at the same time offering an opportunity for capital profits. In seeking to attain this objective, the Corporation expects to invest primarily in long-term debt obligations and, occasionally, preferred stocks which have equity features. Since the Corporation and the Insurance Company will purchase equal amounts of the same securities at the same time and price, all investments by the Corporation will meet the standards of the general account of the Insurance Company.

Price \$25 per Share

Copies of the Prospectus may be obtained in any State only from such of the general Underwriters, including the undersigned, as may lawfully offer the securities in such State.

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Hornblower & Weeks-Hemphill, Noyes

Kidder, Peabody & Co.

Lazard Frères & Co.

Loeb, Rhoades & Co.

Paine, Webber, Jackson & Curtis

Stone & Webster Securities Corporation

Wertheim & Co.

Dean Witter & Co.

Bache & Co.

Incorporated

Incorporated

Paribas Corporation

Reynolds & Co.

August 26, 1971.

COSE or business on the 29th September warrants will be posted on the 29th September

Handwritten signature or mark at the bottom of the page.

Nu-Swift forecasts higher profit

Property Security growth

LENNONS SUPERMARKETS LIMITED

Group Profit Statement

Extracts from the Statement of the Chairman, Mr. T. T. Lennon:

- The Annual General Meeting will be held at 12 noon today at the Adelphi Hotel, Liverpool. Copies of the Report and Accounts containing the Chairman's Review in full can be had upon application to the Secretary, Lennons Supermarkets Limited, Corporation Street, St. Helens, Lancs.

Armitage Shanks uptrend

The directors find it difficult to assess the present position and future prospects of what has become since 1965—a frozen General Tire and Rubber Co. Inc. holds 275,000 shares—12.5 per cent. of Ebonite's capital. McCaughy Rooms, W.C. S.

FT Share Information Service

The following securities have been added to the Share Information Service appearing in the Financial Times.
Commodore Securities (Section: Banks).
Evans of Leeds (Section: Property).
Casalt (Section: Industrials, Misc.).
Barnett and Hallamshire Holdings (Section: Industrials, Misc.).
Reliance Hosiery (Halifax) (Section: Textiles General).
Associated Spring Corp. (Section: Americans).

RESULTS AND ACCOUNTS IN BRIEF

[illegible]

Testing Blackstone diesel engines at the Stamford, Lincs, works of Mirreless Blackstone, now granted the certificate of Lloyd's Register of Shipping for batch and line-produced machinery. The scheme makes possible the certification of items of equipment where an individual survey of all the stages of manufacture is impractical.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre- sponding div. %	Total for year %	Total last year %
Nu. Swift	int. 15p	Oct. 7	1p	—	3.85p
Verdes Stone	int. 12½	Oct. 18	12½	—	35

* Equivalent after allowing for scrip issue. † Amount per share.

(a) Tax Free. (b) On Capital increased by rights and/or

(c) Does not, imply higher total.

Progress by Jones Stroud

Economic Group confident

Economic Group confident

Excluding the loss incurred by Auto Diesels Braby, the 1970-71 pre-tax profit of the Economic Group was running at an annual rate of £369,000. Further improvement in turnover and profitability is taking place in the current year, says the chairman, Mr. J. S. Hine.

With the reorganisation of the group's operating activities mainly

been considered in making any provision for corporation tax as it is estimated it will be fully offset by tax losses. In addition there will be no charge for tax for some years on profits arising in Braby Group, one of the main subsidiaries, as there are tax losses amounting to at least £2m. to be carried forward.

—As known, Interim dividend 3 per cent was payable on January 31, 1972. Gross revenue for year ending January 31, 1972, was \$1,100,000. Net asset value per Ordinance 100 was \$110.00. Net asset value per Ordinance 100 was \$110.00. Net asset value per Ordinance 100 was \$110.00.

MAJULI TEA—Dividend 75 per cent. for 1976 (same). Net profit \$184,251. After tax \$18,647 (\$11,771).

OCEANA CONSOLIDATED—Dividend 75 per cent. for year to March 31, 1977 (same). Group pre-tax profit \$4,164,251. Tax \$19,636 (\$15,437), less \$1,250 (\$750 R&D).

Anderson Mayor potential

1969-70 and the present board. The meeting has been requisitioned by Alliance Property Holdings (which has made three unsuccessful bids for Raglan) and the investment Company and associates. In his letter, Mr. Rowland Association, is to be used in September at 64 per cent rate is offered as an alternative to Bank Rate as a peg for the fluctuating rates of finance houses on certain lending can be based.

Certificates of Deposit in London


Alexanders are dealers in both **London Dollar C.D.s** and **Sterling C.D.s** and have published comprehensive guides to all aspects of these instruments. These guides are obtainable on request.

Alexanders are also dealers in
Treasury, Corporation and Bank Bills
First Class Trade Bills
British Government Short Dated Securities

British Government Short Dated Securities
Local Authority Bonds
Dollar Acceptances
Capital and Published Reserves

exceed £6½ million

Alexanders

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01-626 9601 Telex 88
01-623 2161 (Money and C

DOWN 6.72 IN DOLLAR TRADING

BY OUR WALL STREET CORRESPONDENT

PRICES RETREATED across the board from Wall Street today, making its first performance in two weeks since President Nixon announced his Economic Program.

The Dow Jones Industrial Average came back 6.72 to 901.43 and the NYSE All Stock Index slipped 6.72 to 355.01, while losses led gains by 98.4 to 351.11, while Delta eased \$1 to \$45.

Airlines also lost ground. KLM shed \$1 to \$361, TWA were down \$2 to \$301, and Pan American Products declined \$4 to \$303 and was the most active issue with 320,000 shares.

Steel was soft, despite the sharp rise in output last week. U.S. Steel was lowered \$1 to \$22, Bethlehem declined \$1 to \$22, Jones and Laughlin lost \$1 to \$18, Republic gave up \$1 to \$18, and Armco was off \$1 to \$18.

Motors also weakened. General Motors dropped \$1 to \$82, and Ford lost \$1 to \$89.

Railroads were subjected to profit-taking, although Penn Central moved up \$1 to \$63 after an FCC examining board recommended a rate of return of 3.25 per cent, against the company's request of 3.50 per cent.

The chairman group came under pressure. IBM Group, Sears declined \$3 to \$203, J. C. Penney dipped \$1 to \$82, and Kresge shed \$1 to \$82.

Domestic Mines fell \$2 to \$62, in a still weakened oil sector. The American SE Index lost 8 cents to \$25.19 in a volume of 2.40m. (2.73m) shares.

NEW YORK, August 30.

OTHER MARKETS

Canada irregular

Canadian Stock Markets were irregular in light trading yesterday. Industrial shares declined, while Banks, firm, and Western Oils, Utilities and Papers eased. Golds were weak, falling 5.58 on index to 108.09.

Patronage Nickel improved \$2, Crustal Trail rose \$14, United Fund Management moved up \$1, while Scottish and York Holdings, Erie Diversified and General Distributors were each up \$1.

PARIS—Monetary uncertainties

Indices

NEW YORK

DOW JONES AVERAGES

Close	High	Low	Open	Prev. Close
Aug. 30	901.43	898.43	901.43	908.15
Aug. 29	908.15	905.15	908.15	915.15
Aug. 28	915.15	912.15	915.15	922.15
Aug. 27	922.15	919.15	922.15	929.15
Aug. 26	929.15	926.15	929.15	936.15
Aug. 25	936.15	933.15	936.15	943.15
Aug. 24	943.15	940.15	943.15	950.15
Aug. 23	950.15	947.15	950.15	957.15
Aug. 22	957.15	954.15	957.15	964.15
Aug. 21	964.15	961.15	964.15	971.15
Aug. 20	971.15	968.15	971.15	978.15
Aug. 19	978.15	975.15	978.15	985.15
Aug. 18	985.15	982.15	985.15	992.15
Aug. 17	992.15	989.15	992.15	999.15
Aug. 16	999.15	996.15	999.15	1006.15
Aug. 15	1006.15	1003.15	1006.15	1013.15
Aug. 14	1013.15	1010.15	1013.15	1020.15
Aug. 13	1020.15	1017.15	1020.15	1027.15
Aug. 12	1027.15	1024.15	1027.15	1034.15
Aug. 11	1034.15	1031.15	1034.15	1041.15
Aug. 10	1041.15	1038.15	1041.15	1048.15
Aug. 9	1048.15	1045.15	1048.15	1055.15
Aug. 8	1055.15	1052.15	1055.15	1062.15
Aug. 7	1062.15	1059.15	1062.15	1069.15
Aug. 6	1069.15	1066.15	1069.15	1076.15
Aug. 5	1076.15	1073.15	1076.15	1083.15
Aug. 4	1083.15	1080.15	1083.15	1090.15
Aug. 3	1090.15	1087.15	1090.15	1100.15
Aug. 2	1100.15	1097.15	1100.15	1110.15
Aug. 1	1110.15	1107.15	1110.15	1120.15

STOCK AND BOND YIELDS

Stock	Bond
Aug. 30	Aug. 30
901.43	10.15
908.15	10.15
915.15	10.15
922.15	10.15
929.15	10.15
936.15	10.15
943.15	10.15
950.15	10.15
957.15	10.15
964.15	10.15
971.15	10.15
978.15	10.15
985.15	10.15
992.15	10.15
999.15	10.15
1006.15	10.15
1013.15	10.15
1020.15	10.15
1027.15	10.15
1034.15	10.15
1041.15	10.15
1048.15	10.15
1055.15	10.15
1062.15	10.15
1069.15	10.15
1076.15	10.15
1083.15	10.15
1090.15	10.15
1097.15	10.15
1104.15	10.15
1111.15	10.15
1118.15	10.15
1125.15	10.15
1132.15	10.15
1139.15	10.15
1146.15	10.15
1153.15	10.15
1160.15	10.15
1167.15	10.15
1174.15	10.15
1181.15	10.15
1188.15	10.15
1195.15	10.15
1202.15	10.15
1209.15	10.15
1216.15	10.15
1223.15	10.15
1230.15	10.15
1237.15	10.15
1244.15	10.15
1251.15	10.15
1258.15	10.15
1265.15	10.15
1272.15	10.15
1279.15	10.15
1286.15	10.15
1293.15	10.15
1300.15	10.15
1307.15	10.15
1314.15	10.15
1321.15	10.15
1328.15	10.15
1335.15	10.15
1342.15	10.15
1349.15	10.15
1356.15	10.15
1363.15	10.15
1370.15	10.15
1377.15	10.15
1384.15	10.15
1391.15	10.15
1398.15	10.15
1405.15	10.15
1412.15	10.15
1419.15	10.15
1426.15	10.15
1433.15	10.15
1440.15	10.15
1447.15	10.15
1454.15	10.15
1461.15	10.15
1468.15	10.15
1475.15	10.15
1482.15	10.15
1489.15	10.15
1496.15	10.15
1503.15	10.15
1510.15	10.15
1517.15	10.15
1524.15	10.15
1531.15	10.15
1538.15	10.15
1545.15	10.15
1552.15	10.15
1559.15	10.15
1566.15	10.15
1573.15	10.15
1580.15	10.15
1587.15	10.15
1594.15	10.15
1601.15	10.15
1608.15	10.15
1615.15	10.15
1622.15	10.15
1629.15	10.15
1636.15	10.15
1643.15	10.15
1650.15	10.15
1657.15	10.15
1664.15	10.15
1671.15	10.15
1678.15	10.15
1685.15	10.15
1692.15	10.15
1699.15	10.15
1706.15	10.15
1713.15	10.15
1720.15	10.15
1727.15	10.15
1734.15	10.15
1741.15	10.15
1748.15	10.15
1755.15	10.15
1762.15	10.15
1769.15	10.15
1776.15	10.15
1783.15	10.15
1790.15	10.15
1797.15	10.15
1804.15	10.15
1811.15	10.15
1818.15	10.15
1825.15	10.15
1832.15	10.15
1839.15	10.15
1846.15	10.15
1853.15	10.15
1860.15	10.15
1867.15	10.15
1874.15	10.15
1881.15	10.15
1888.15	10.15
1895.15	10.15
1902.15	10.15
1909.15	10.15
1916.15	10.15
1923.15	10.15
1930.15	10.15
1937.15	10.15
1944.15	10.15
1951.15	10.15
1958.15	10.15
1965.15	10.15
1972.15	10.15
1979.15	10.15
1986.15	10.15
1993.15	10.15
2000.15	10.15

MOST ACTIVE STOCKS

Stock	Change
Aug. 30	Aug. 29
901.43	908.15
908.15	915.15
915.15	922.15
922.15	929.15
929.15	936.15
936.15	943.15
943.15	950.15
950.15	957.15
957.15	964.15
964.15	971.15
971.15	978.15
978.15	985.15
985.15	992.15
992.15	999.15
999.15	1006.15
1006.15	1013.15
1013.15	1020.15
1020.15	1027.15
1027.15	1034.15
1034.15	1041.15
1041.15	1048.15
1048.15	1055.15
1055.15	1062.15
1062.15	1069.15
1069.15	1076.15
1076.15	1083.15
1083.15	1090.15
1090.15	1097.15
1097.15	1104.15
1104.15	1111.15
1111.15	1118.15
1118.15	1125.15
1125.15	1132.15
1132.15	1139.15
1139.15	1146.15
1146.15	1153.15
1153.15	1160.15
1160.15	1167.15
1167.15	1174.15
1174.15	1181.15
1181.15	1188.15
1188.15	1195.15
1195.15	1202.15
1202.15	1209.15
1209.15	1216.15
1216.15	1223.15
1223.15	1230.15
1230.15	1237.15
1237.15	1244.15
1244.15	1251.15
1251.15	1258.15
1258.15	1265.15
1265.15	1272.15
1272.15	1279.15
1279.15	1286.15
1286.15	1293.15
1293.15	1300.15
1300.15	1307.15
1307.15	1314.15
1314.15	1321.15
1321.15	1328.15
1328.15	1335.15
1335.15	1342.15
1342.15	1349.15
1349.15	1356.15
1356.15	1363.15
1363.15	1370.15
1370.15	1377.15
1377.15	1384.15
1384.15	1391.15
1391.15	1398.15
1398.15	1405.15
1405.15	1412.15
1412.15	1419.15
1419.15	1426.15
1426.15	1433.15
1433.15	1440.15
1440.15	1447.15
1447.15	1454.15
1454.15	1461.15
1461.15	1468.15
1468.15	1475.15
1475.15	1482.15
1482.15	1489.15
1489.15	1496.15
1496.15	1503.15
1503.15	1510.15
1510.15	1517.15
1517.15	1524.15
1524.15	1531.15
1531.15	1538.15
1538.15	1545.15
1545.15	1552.15
1552.15	1559.15
1559.15	1566.15
1566.15	1573.15
1573.15	1580.15
1580.15	1587.15
1587.15	1594.15
1594.15	1601.15
1601.15	1608.15
1608.15	1615.15
1615.15	1622.15
1622.15	1629.15
1629.15	1636.15
1636.15	1643.15
1643.15	1650.15
1650.15	1657.15
1657.15	1664.15
1664.15	1671.15
1671.15	1678.15
1678.15	1685.15
1685.15	1692.15
1692.15	1699.15
1699.15	1706.15
1706.15	1713.15
1713.15	1720.15
1720.15	1727.15
1727.15	1734.15
1734.15	1741.15
1741.15	1748.15
1748.15	1755.15
1755.15	1762.15
1762.15	1769.15

[illegible]

France	12.15-13.35
Germany	12.15-13.35
Italy	14.75-15.15
Japan	100
Netherlands	182-185
Switzerland	2.00-2.02
U.S.	2.04-2.08

Rates covered by Deutsche Bank.
 Other rates may be quoted elsewhere.
 (m.c.) Selling rate. * Rate now fixed.

FORWARD RATES

	One month	Three months
New York 100-c.c. dis.	74-5 cts	74-5 cts
Montreal 100-c.c. dis.	78-16 cts	78-16 cts
Amst'dam 21-1/2 c. p.	81-50 cts	81-50 cts
London 100-c.c. dis.	255-156 c.	255-156 c.
Copenhagen 100-c.c. dis.	61-14 cts	61-14 cts
Frankfurt 100-c.c. dis.	81-17 1/2 p.	81-17 1/2 p.
Paris 100-c.c. dis.	112-50 cts	112-50 cts
Milan 12-1/2 lire par	15-8 then par	15-8 then par
Oslo 8 cts per par	15-3 cts per	15-3 cts per
Stockholm 100-c.c. dis.	27-17 c. p.	27-17 c. p.
Vienna 100-c.c. dis.	78-5 cts	78-5 cts
Warsaw 100-c.c. dis.	82-1/2 cts	82-1/2 cts

Dealings	Day
Aug. 9 Aug. 19 Aug. 20 Sept. 1	
Aug. 23 Sept. 2 Sept. 3 Sept. 14	
Sept. 16 Sept. 17 Sept. 17 Sept. 28	

* New time "dealings" may take place from 5 p.m. three business days earlier.

Vertical ... 64 c. per (14 1/2-12 1/2 c. p. n.a. Not available.

UNIT TRUST PRICES

(Supplied by Managers)

Prices in pence		Aug. 27
National Group (1)		
Unit Trust 1 Second Series	144.0	151 1/2
Century Trust	42.4	43

4-57	-	-	-	Nat. Consolidated Unit Trust	225.0	838
4-58	-	-	-	Universal Second Unit Trust	25.0	331
4-59	-	-	-	Random Trust	39.4	40
5-1	-	-	-	Gas & Electric Second Series	372.6	396
5-2	57-58	61-73	-	Inv. Sec. General Trust	5.0	39
5-3	57-58	61-73	-	Investment General Trust	515.0	224
5-4	57-58	61-73	-	Providence Invested and Secord	120.8	128

CORAL INDEX
Close 415-420

Dividend rates: three years 72-75 per cent.
Dividend rates: three years 72-75 per cent.

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TEAS—Continued

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